INFORMATION NOTICE

FOR

PAISALO

EASY LOAN आसान लोन

PAISALO DIGITAL LIMITED

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CIN – L65921DL1992PLC120483 | **PAN** – AACCS1879G | **RBI CoR No.**– B-14.02997

Admission of USD 48000000 7.5% Foreign Currency Convertible Bonds due 2029 of Paisalo Digital Ltd.

This information notice dated 13 March 2025 ("Information Notice") must be read in conjunction with the offering circular dated 10 December 2024 ("**Offering Circular**"). This Information Notice supplements the Offering Circular and supersedes the information in the Offering Circular to the extent inconsistent with the information included therein. Terms used herein shall be deemed to be defined as such for the purposes of the conditions set forth in the Offering Circular.

The listing application dated 3 March 2025 has been made for the admission of USD 48000000 7.5% Foreign Currency Convertible Bonds due 2029 of Paisalo Digital Ltd. of PAISALO DIGITAL LIMITED on AFRINEX Securities List ("**ASL**") of AFRINEX Limited ("**Exchange"/ "AFRINEX**").

The Offering Circular is hereby supplemented with the following information, which shall be deemed to be incorporated in, and to form part of, the Offering Circular:

1. The Offering Circular and the Information Notice (Information Notice and Offering Circular are collectively referred to as "**Document**") are meant to provide details on the securities and the issuer in relation to the admission of the securities onto ASL maintained by the Exchange without admission to trading on the Exchange. The Document has been prepared for the sole goal of being admitted and displayed on AFRINEX Securities List. It does not provide any key information to be used for making investment decisions.

2. The Document is provided for information purposes only. It does not constitute and is not construed as any advice, solicitation, offer, endorsement, commitment, or recommendation to invest in the securities described herein. The provisions of the Document are not and shall not be a substitute for your own research, investigations, verifications, checks or consultation for professional or investment advice. You are using this Document at your own risks.

For PAISALO DIGITAL LIMITED

MANAGING DIRECTOR

3. AFRINEX takes no responsibility for the contents of this Document, makes no representation as to its accuracy or completeness and expressly disclaims any liability for any loss arising from or in reliance upon the whole or any part of the contents of this Document.

4. The contents of this Document, along with any other related documents, are prepared in strict accordance with the Rulebook for Admission to AFRINEX Securities List ("**Rulebook**"). It is hereby affirmed that no part of this Document shall be in conflict with the said Rulebook. Any perceived discrepancy should be considered an unintentional error and brought to the immediate attention of the Issuer for rectification.

5. **NOTICE TO MAURITIUS INVESTORS:**
   Prohibition of sales to Mauritius retail investors: The Bonds are not intended to be offered, sold, or otherwise made available to, and with effect from such date, should not be offered, sold or otherwise made available to any retail investor in Mauritius. For these purposes a "retail investor" is as defined in the Securities Act 2005, as applicable in Mauritius.

6. The Floor Price of the Bonds shall stand rectified as per the Issuer's Corporate Announcement dated 13th February 2025 to BSE (https://www.bseindia.com/xml-data/corpfiling/AttachHis/2946cdc6-9939-4a8f-8889-960166f331b9.pdf) and all references to the Floor Price throughout the Offering Circular shall be construed accordingly.

For PAISALO DIGITAL LIMITED

MANAGING DIRECTOR

Date: 13-03-2025

IMPORTANT NOTICE
NOT FOR DISTRIBUTION TO ANY PERSON OR ADDRESS IN THE UNITED STATES

You must read the following disclaimer before continuing. The following disclaimer applies to the offering circular (the "**Offering Circular**") attached to this e-mail. You are therefore advised to read this disclaimer carefully before reading, accessing or making any other use of the attached Offering Circular. In accessing the attached Offering Circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: By accepting the e-mail and accessing the attached Offering Circular you shall be deemed to have represented to Elara Capital PLC (the "**Lead Manager**") that (1) you and the customers you represent are located outside the U.S., and the electronic mail address that you provided us and to which this e-mail has been delivered is not located in the United States, its territories or possessions, and (2) you consent to the delivery of the attached Offering Circular and any amendments or supplements thereto by electronic transmission.

The attached Offering Circular has been made available to you in electronic form. You are reminded that documents transmitted via this medium may be altered or changed during the process of transmission and consequently none of Paisalo Digital Limited (the "**Issuer**" or the "**Company**") or the Lead Manager or any of their respective directors, employees, representatives, affiliates or agents accept any liability or responsibility whatsoever in respect of any discrepancies between the Offering Circular distributed to you in electronic format and the hard copy version. We will provide a hard copy version to you upon request.

Restrictions: The attached document is an Offering Circular and is being furnished in connection with an offering exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the securities described herein.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Securities are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in Directive 2014/65/EU (as amended, "MiFID II"); and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Bonds (a "distributor") should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (the "EEA"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended, the "Insurance Distribution Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by Regulation (EU) No 1286/2014 (the "PRIIPs Regulation") for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore, offering or selling the Securities or otherwise

For PAISALO DIGITAL LIMITED

MANAGING DIRECTOR

making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("UK"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "EUWA"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "FSMA") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "UK PRIIPs Regulation") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

THE BONDS AND THE SHARES ISSUABLE UPON CONVERSION OF THE BONDS HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO OR FOR THE ACCOUNT OR BENEFIT OF U.S. PERSONS EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND ANY APPLICABLE STATE OR LOCAL SECURITIES LAWS.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF SECURITIES FOR SALE IN ANY JURISDICTION WHERE IT IS UNLAWFUL TO DO SO.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of the Issuer or the Lead Manager to subscribe for or purchase any of the securities described herein, and access has been limited so that it shall not constitute a general advertisement or solicitation in the United States or elsewhere. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Lead Manager or any affiliate of the Lead Manager is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Lead Manager and its respective affiliates on behalf of the Issuer in such jurisdiction.

You are reminded that you have accessed the attached Offering Circular on the basis that you are a person into whose possession this Offering Circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located. If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the securities described therein.

Actions that you may not take: You should not reply by e-mail to this communication, and you may not purchase any securities by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED TO AND MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER, AND IN PARTICULAR, MAY NOT BE FORWARDED TO ANY ADDRESS IN THE UNITED STATES. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED OFFERING CIRCULAR, IN WHOLE OR IN PART, IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

You are responsible for protecting against viruses and other destructive items. Your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Dated 10 December 2024

PAISALO
EASY LOAN आसान लोन

PAISALO DIGITAL LIMITED

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CIN: L65921DL1992PLC120483

Up to U.S.$75,000,000 7.5 per cent. Secured Foreign Currency Convertible Bonds due 2029 of Paisalo Digital Limited
Issue Price: 100.00 per cent.

The 7.5 per cent. Secured Foreign Currency Convertible Bonds due 2029 in the aggregate principal amount of U.S.$50,000,000 (the "**Bonds**") will be issued (the "**Issue**") by Paisalo Digital Limited (the "**Issuer**" or the "**Company**"). The issue price will be 100.00 per cent. of the aggregate principal amount of the Bonds.

The Issuer has an option to subscribe for or procure subscribers for up to an additional U.S.$25,000,000 of Bonds exercisable within 60 days of the Issue Date.

The Bonds will be convertible into our Company's equity shares of Re.1.00 each (the "**Shares**", and together with the Bonds, the "**Securities**"). The Bonds constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Bonds and a trust deed to be dated 10 December 2024 and made between the Issuer and GLAS Trust Company LLC as trustee for the holders of the Bonds (the "**Trustee**") (the "**Trust Deed**") are or, as the case may be, will be secured by, *inter alia* first ranking exclusive charge (by way of hypothecation) over identified loan assets of the Issuer which are standard assets only, including all the monies receivable thereunder (collectively, the "**Collateral**", and the deed of hypothecation and other instruments pursuant to which the security interests in the Collateral are created, the "**Collateral Documents**"). The charge and hypothecation created on the Collateral will be created in favour of the Onshore Security Trustee (as defined in the Conditions) under the Collateral Documents for the benefit of the Bondholders by way of a first ranking security interest. So long as any Bonds remain outstanding, the Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest of any nature whatsoever on any of its assets or properties of any kind that constitutes the Collateral, *provided that* the Issuer may create Security Interest over all or any part of its assets and properties of any kind (other than the Collateral) subject to there being no Default that has occurred and continuing, and subject to compliance with the requirements of Condition 4. To the extent that any of the Collateral Documents required in connection with the creation, perfection and registration of the first ranking security interests in the Collateral have not been executed and delivered on or prior to the Issue Date, or the Issuer has not procured the registration of such security interests on or prior to the Issue Date (in each case, to the extent required by the Trust Deed and the Collateral Documents), the Issuer shall (i) ensure that all such actions are completed as soon as reasonably practicable, and in no event later than 60 days following 10 December 2024 (the "**Issue Date**"), and (ii) deliver, or cause to be a delivered, to the Trustee a certificate signed by two authorised signatories of the Issuer confirming that all such actions have been completed in accordance with the requirements of Condition 4.2.

The Bonds will be convertible at the option of the holders of the Bonds (the "**Bondholders**") at any time on or after 10 December 2024 and up to the close of business on the 10th day before the Maturity Date (but, except as provided in Condition 6.1.4, in no event thereafter) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 days (at the place aforesaid) prior to the date fixed for redemption

For PAISALO DIGITAL LIMITED

MANAGING DIRECTOR

thereof into our Company's newly issued Shares. Each Bond will be convertible at the option of the holder thereof into fully paid Shares at an initial Conversion Price (as defined herein).

The initial Conversion Price will be INR45.33 per Share but will be subject to adjustment in the manner provided in Condition 6.3, provided, however, that the Conversion Price, as adjusted, shall, at all times, be not less than the Floor Price. The Floor Price calculated in accordance with applicable Indian regulations is INR45.33 and will be subject to adjustment in the manner provided in Condition 6.3.1. For the terms of the conversion rights, see "***Terms and Conditions of the Bonds – Conversion***". The Bonds are issued in registered form in the denomination of U.S.$200,000 each or in integral multiples of U.S.$1,000 in excess thereof.

On 6 December 2024, the closing price of our Company's outstanding Shares on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**") was Rs. 61.47 per Share and Rs.61.47 per Share, respectively.

Unless previously converted, redeemed or purchased and cancelled, the Bonds will be redeemed on 10 December 2029 (the "**Maturity Date**") at 110.82 per cent. of the principal amount, together with accrued interest (if any) (calculated up to but excluding the Maturity Date) so as to provide a gross yield of 9.25 per cent. per annum. Our Company may at its option, redeem the Bonds, in whole but not in part, on the Optional Redemption Date (as defined in the Conditions) specified in the Optional Redemption Notice (as defined in the Conditions) redeem the Bonds at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date of redemption at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount of Bonds originally issued. Our Company having given not less than 30 nor more than 60 days' notice to the Bondholders (which notice shall be irrevocable) may at its option redeem the Bonds in whole but not in part, at any time in the event of certain changes relating to taxation in the Republic of India, which shall for this purpose include any Bonds issued pursuant to Condition 15 and consolidated and forming a single series therewith at their principal amount, together with interest (if any) accrued but unpaid to such date of redemption. Each Bondholder has the right to require our Company to redeem in whole or in part such Bondholder's Bonds on the Change of Control Put Date (as defined in the Conditions) at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date of redemption. In the event that (i) the Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days (as defined herein) on NSE or on BSE or (ii) the Liquidity Event (as defined in the Conditions) occurs, each Bondholder shall have the right, to the extent permitted under applicable law, at such Bondholder's option, to require our Company to redeem in whole or in part such Bondholder's Bonds at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date of redemption. On 10 February 2028 and 10 December 2028 (each one referred to as the "**Optional Put Date**"), each Bondholder will have the right at such holder's option to require our Company to redeem all or some only of the Bonds of such holder on the Optional Put Date at the Early Redemption Amount, together with any interest accrued but unpaid up to but excluding such date of redemption (if any). Furthermore, to the extent permitted by applicable law, unless the Bonds have been previously redeemed, converted or purchased and cancelled, if an event triggering an adjustment to the Conversion Price under Condition 6.3 occurs so that the Conversion Price, when calculated pursuant to Condition 6.3, would fall below (i) the Floor Price or (ii) the level permitted by applicable Indian regulatory authorities (if any) (a "**Non-Permitted Conversion Price Adjustment Event**"), each Bondholder shall have the right, at such Bondholder's option, to require the Company to repurchase in whole or in part such Bondholder's Bonds at the Early Redemption Amount, together with interest (if any) accrued but unpaid to the date of such redemption. Early redemption of Bonds may be subject to receipt of necessary regulatory approvals. For details, see "***Terms and Conditions of the Bonds***".

Prior to this offering, there has been no market for the Bonds. The Company may apply for the bonds being issued pursuant to this Offering Circular to be listed on SGX-ST or an applicable stock exchange.

Our Company has received in-principle approvals from BSE and NSE dated 25 November 2024 and 27 November 2024, respectively, in respect of the Shares issuable upon conversion of the Bonds and has

undertaken to apply to have the Shares issuable upon conversion of the Bonds approved for the final listing and trading on the BSE and NSE.

Investing in the Bonds involves risks. See "**Risk Factors**" beginning on page 61.

The Bonds will be represented by the Global Certificates (as defined below) which will be issued in the name of a nominee of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**") on or about 10 December 2024 being the closing date (the "**Closing Date**").

This Offering Circular has not been and will not be registered as a prospectus or a statement in lieu of a prospectus in respect of a public offer, information memorandum or private placement offer cum application letter or any other offering material with the Registrar of Companies in India in accordance with the Companies Act, 2013, as amended from time to time and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies, the Reserve Bank of India or any stock exchange in India. This Offering Circular and the Bonds are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Bonds have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Bonds, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Bonds under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes. See "*Subscription and Sale*".

The Bonds and the Shares to be issued upon conversion of the Bonds have not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**") and, subject to certain exemptions, may not be offered or sold within the United States. The Bonds are being offered and sold only outside the United States in reliance on Regulation S under the Securities Act ("**Regulation S**"). For a description of these and certain further restrictions on offers and sales of the Bonds and the Shares to be issued upon conversion of the Bonds and the distribution of this Offering Circular, see "*Subscription and Sale*". For a description of certain restrictions on offers, sales and transfers of the Securities, see "*Subscription and Sale*" and "*Description of the Shares – Transfer of Shares*". The Securities may not be offered or sold directly or indirectly in India or to, or for the account or benefit of, any resident of India.

LEAD MANAGER

ELARA CAPITAL PLC

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NOTICE TO INVESTORS

The Issuer, as well as Elara Capital PLC (the "**Lead Manager**"), reserve the right to withdraw the offering of the Bonds at any time or to reject any offer to purchase, in whole or in part, for any reason, or to sell less than all of the Bonds offered hereby.

This Offering Circular is personal to the prospective investor to whom it has been delivered by the Lead Manager and does not constitute an offer to any other person or to the public in general to subscribe for or otherwise acquire the Bonds or the Shares issuable upon conversion of the Bonds. Distribution of this Offering Circular to any person other than the prospective investor and those persons, if any, retained to advise that prospective investor with respect thereto is unauthorized, and any disclosure of its contents without the Issuer's prior written consent is prohibited. The prospective investor, by accepting delivery of this Offering Circular, agrees to the foregoing and agrees not to make any photocopies of this Offering Circular.

This Offering Circular is intended solely for the purpose of soliciting indications of interest in the Bonds from qualified investors and does not purport to summarize all of the terms, conditions, covenants and other provisions contained in any transaction documents described herein. The information provided is not all-inclusive. Notwithstanding any investigation that the Lead Manager may have conducted with respect to the information contained herein, the Lead Manager do not accept any liability in relation to the information contained in this Offering Circular or its distribution or with regard to any other information supplied by or on the Issuer's behalf.

This Offering Circular does not constitute an offer of, or an invitation to subscribe for or purchase, any of the Bonds or the Shares issuable upon conversion of the Bonds.

Prospective investors in the Bonds should rely only on the information contained in this Offering Circular. None of the Issuer or the Lead Manager has authorised the provision of information different from that contained in this Offering Circular. The information contained in this Offering Circular is accurate in all material respects only as of the date of this Offering Circular, regardless of the time of delivery of this Offering Circular or of any sale of the Bonds. Neither the delivery of this Offering Circular nor any sale made hereunder shall under any circumstances imply that there has been no change in the Issuer's affairs and those of each of its subsidiaries or that the information set forth herein is correct in all material respects as of any date subsequent to the date hereof.

Prospective investors hereby acknowledge that (i) they have not relied on the Lead Manager, the Trustee, GLAS Trust Company LLC as the principal paying agent (the "**Principal Agent**") and as conversion agent (the "**Conversion Agent**"), any other paying agents (together with the Principal Agent, the "**Paying Agents**"), GLAS Trust Company LLC as registrar (the "**Registrar**") or GLAS Trust Company LLC as transfer agent (the "**Transfer Agent**", and together with the Paying Agents. Conversion Agent and the Registrar, the "**Agents**") or any person affiliated with the Lead Manager, the Trustee, or the Agents in connection with any investigation of the accuracy of such information or their investment decision, and (ii) no person has been authorized to give any information or to make any representation concerning the Issuer or the Bonds or the Shares issuable upon conversion of the Bonds (other than as contained herein and information given by the Issuer's duly authorized officers and employees, as applicable, in connection with investors' examination of the Issuer, and the terms of this offering) and, if given or made, any such other information or representation should not be relied upon as having been authorized by the Issuer, the Lead Manager, the Trustee or the Agents.

The Securities have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of the Securities or the accuracy or adequacy of this Offering Circular. Any representation to the contrary is a criminal offence in the United States.

None of the Lead Manager, the Issuer, the Trustee, the Agents or their affiliates or representatives is making any representation to any offeree or purchaser of the Bonds offered hereby regarding the legality of any investment by such offeree or purchaser under applicable legal investment or similar laws. None of the Lead Manager, the Trustee or any Agent makes any representation, warranty or undertaking, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Circular. To the fullest extent permitted by law, none of the Lead Manager, the Trustee or any Agent accepts any responsibility for the contents of this Offering Circular or for any other statement made or purported to be made by the Lead Manager or on their behalf in connection with the Issuer or the issue and offering of the Bonds and the Shares issuable upon conversion of the Bonds. Each of the Lead Manager, the Trustee and the Agents accordingly disclaims all and any liability whether arising in tort or contract or otherwise which it might otherwise have in respect of this Offering Circular or any such statement.

Each prospective investor should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness of the Issuer, and the terms of the Bonds being offered and the Shares issuable upon conversion of the Bonds, including the merits and risks involved and its purchase of the Bonds should be based upon such investigations with its own tax, legal and business advisers as it deems necessary. See section, "Risk Factors" for a discussion of certain factors to be considered. Any prospective investor in the Bonds and the Shares issuable upon conversion of the Bonds should be able to bear the economic risk of an investment in the Bonds and the Shares issuable upon conversion of the Bonds for an indefinite period of time.

This Offering Circular does not constitute an offer to sell, or a solicitation of an offer to buy, any Bonds or Shares issuable upon conversion of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make an offer or solicitation in such jurisdiction.

The attention of potential investors in the Bonds is drawn to the regulations issued by the Ministry of Finance that provide that erstwhile overseas corporate bodies, as defined under applicable regulations in India, that are not eligible to invest in India, and entities prohibited from buying, selling or dealing in securities by the SEBI under the SEBI Act, shall not be eligible to participate in an offering of foreign currency convertible bonds. Each purchaser of the Bonds is deemed to have acknowledged, represented and agreed that they are eligible to invest in India under applicable law, including the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993, the Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019, as amended, the Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated 1 January 2016, as amended and the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended and circulars or notifications issued thereunder by the RBI from time to time, and have not been prohibited by SEBI from buying, selling or dealing in securities.

The offering is being made entirely outside India. This Offering Circular or any other document or material relating to the Bonds has not been and will not be circulated or distributed in India, directly or indirectly, to the public or members of the public in India. The Bonds have not been, and will not be, offered or sold directly or indirectly in India or to, or for the account or benefit of, any person resident in India. If you purchase any of the Bonds, you will be deemed to have acknowledged, represented and agreed that you are eligible to invest in the Bonds and the Shares to be issued upon conversion of the Bonds under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Bonds and the Shares to be issued upon conversion of the Bonds.

Each purchaser of Bonds will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Bonds will bear a legend to the effect that the securities evidenced thereby may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or

for the Bonds account of, such persons, unless we may determine otherwise in compliance with applicable law.

Each purchaser of Bonds will be deemed to represent, acknowledged and agreed with the Company and the Lead Manager that (i) it is eligible under applicable Indian foreign investment regulations (including but not limited to Press Note 3 of 2020 issued by the Department for Promotion of Industry and Internal Trade of the Ministry of Commerce and Industry, Government of India) ("**Press Note 3**") to undertake foreign direct investments in India without prior approval of the Government of India and (ii) it is in compliance with applicable Indian foreign investment regulations, including but not limited to Press Note 3.

This Offering Circular has not been and will not be filed, registered, produced, published or made available as an offer document (whether as a prospectus in respect of a public offer or information memorandum or private placement offer cum application letter or other offering material in respect of any private placement, under the Indian Companies Act, 2013, as amended or any other applicable Indian laws) with the Registrar of Companies in India, the Securities and Exchange Board of India, the Indian stock exchanges or any other statutory or regulatory body of like nature in India save and except for any information from any part of this Offering Circular which is (i) mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or (ii) pursuant to the sanction of any regulatory and adjudicatory body in India.

This Offering Circular or any material relating to the Bonds has not been and will not be circulated or distributed to any prospective investor who is not a resident of an FATF or IOSCO compliant jurisdiction, and the Bonds will not be offered or sold or transferred and have not been offered or sold or transferred to any person who is not a resident of an FATF or IOSCO compliant jurisdiction. Further, in accordance with the circular dated 12 February 2021 issued by RBI ("**RBI Circular**"), any new investors from or through non-compliant FATF jurisdictions in NBFCs, are not allowed to directly or indirectly acquire 'significant influence' (as defined in the applicable accounting standards) in an NBFC. The RBI Circular further clarifies that the investments made by fresh investors from non-compliant FATF jurisdictions shall not exceed 20 per cent of the total voting power of the NBFC. For the purposes of ascertaining the aforementioned cap of 20 percent, both direct and indirect as well as potential voting rights shall be considered.

For the purposes of this section, FATF compliant jurisdiction and IOSCO compliant jurisdiction shall have the following meaning:

"**FATF compliant jurisdiction**" – a country that is a member of Financial Action Task Force ("**FATF**") or a member of a FATF-style regional body; and should not be a country identified in the public statement of the FATF as (a) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

"**IOSCO compliant jurisdiction**" – a country whose securities market regulator is a signatory to the International Organization of Securities Commission's ("**IOSCO's**") Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements.

This Offering Circular has not been and will not be reviewed or approved by any statutory or regulatory authority in India, including the Securities and Exchange Board of India, any Registrar of Companies or any stock exchanges in India. This Offering Circular and the Bonds are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether by way of private placement or to the public in India.

This offering is being made in reliance upon exemptions from registration under the Securities Act, for an offer and sale of securities which does not involve a public offering.

The distribution of this Offering Circular and the offer and sale of the Bonds may, in certain jurisdictions, be restricted by law. None of the Issuer, the Lead Manager, the Trustee or the Agents represent that this Offering Circular may be lawfully distributed, or that any Bonds may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by any of the Issuer, the Lead Manager, the Trustee or the Agents which would permit a public offering of any Bonds or distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Bonds may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations.

Each purchaser of the Bonds must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells the Bonds or possesses or distributes this Offering Circular, and must obtain any consent, approval or permission required for the purchase, offer or sale by it of the Bonds and the Shares issuable upon conversion of the Bonds under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes purchases, offers or sales. Persons into whose possession this Offering Circular or any Bonds may come must inform themselves about, and observe any such restrictions on the distribution of Offering Circular and the offering and sale of the Bonds and the Shares issuable upon conversion of the Bonds. In particular, there are restrictions on the offer and sale of the Bonds, and the circulation of documents relating thereto, in certain jurisdictions including the United States, the United Kingdom and the European Economic Area ("**EEA**") and to persons connected therewith. See "*Subscription and Sale*".

MiFID II product governance/Professional investors and ECPs only target market – Solely for the purposes of each manufacturer's product approval process, the target market assessment in respect of the Bonds has led to the conclusion that: (i) the target market for the Bonds is eligible counterparties and professional clients only, each as defined in MiFID II and (ii) all channels for distribution of the Bonds to eligible counterparties and professional clients are appropriate. Any distributor should take into consideration the manufacturers' target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Bonds (by either adopting or refining the manufacturers' target market assessment) and determining appropriate distribution channels.

PRIIPS REGULATION/PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently, no key information document required by PRIIPs Regulation for offering or selling the Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore, offering or selling the Securities or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

UK PRIIPs REGULATION/PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Bonds are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom ("**UK**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the European Union (Withdrawal) Act 2018 (the "**EUWA**"); or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the "**FSMA**") and any rules or regulations made under the FSMA to implement the Insurance Distribution Directive, where that customer would not qualify as a

professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA. Consequently, no key information document required by the PRIIPs Regulation as it forms part of domestic law by virtue of the EUWA (the "**UK PRIIPs Regulation**") for offering or selling the Bonds or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Bonds or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

This Offering Circular has been prepared on the basis that all offers of the Bonds will be made pursuant to an exemption under Article 3 of the Prospectus Directive, as implemented in member states of the European Economic Area, from the requirement to produce a prospectus for offers of the Bonds.

Singapore SFA Product Classification: In connection with Section 309B of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "**SFA**") and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the "**CMP Regulations 2018**"), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309(A)(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

In this Offering Circular, unless otherwise specified or the context otherwise indicates or implies, references to "you", "your", "purchaser", "subscriber", "recipient", "investors" and "potential investor" are to the investors pursuant to the Issue.

In this Offering Circular, references to (a) "Rs.", "Rupees", "INR", "Indian Rupees", "Re." or "₹" are to the legal currency of the Republic of India and (b) "USD", "US$", "U.S.$" and "U.S. Dollars" are to the legal currency of the United States. All references herein to the "U.S." or the "United States" are to the United States of America and its territories and possessions and all references to "India" are to the Republic of India and its territories and possessions. All references herein to the "Central Government", "Government", "Government of India" or "State Government" are to the Government of India, central or state, as applicable. All the numbers in this document, have been presented in million or in whole numbers where the numbers have been too small to present in million, unless stated otherwise.

References to the singular also refer to the plural and one gender also refers to any other gender, wherever applicable.

Except as otherwise set out in this Offering Circular, all figures set out in this Offering Circular have been rounded off to the extent of one or two decimal places. However, all figures, expressed in terms of percentage, have been rounded off to one decimal place. Accordingly, figures shown as totals in certain tables may not be an arithmetic aggregation of the figures which precede them.

FINANCIAL DATA AND OTHER INFORMATION

The financial year of our Company commences on 1 April of each calendar year and ends on 31 March of the following calendar year, and, unless otherwise specified or if the context requires otherwise. The terms "fiscal", "fiscal year" or "Fiscal Year", refer to the 12-month period ending, or as of 31 March of that year (as the case may be).

Our Company publishes its financial statements in Indian Rupees. As required under applicable regulations, and for the convenience of prospective investors, we have included the following in this Offering Circular:

(i) our audited consolidated financial statements as at, and for the financial years ended 31 March 2024, 31 March 2023 and 31 March 2022 prepared in accordance with Ind AS including the notes thereto ("**Audited Consolidated Financial Statements**") and reports thereon; and

(ii) our audited standalone financial statements as at, and for the financial years ended 31 March 2024, 31 March 2023 and 31 March 2022 prepared in accordance with Ind AS, including the notes thereto ("**Audited Standalone Financial Statements**") and reports thereon.

(iii) the standalone unaudited financial results of our Company for the six months ended 30 September 2024, prepared in accordance with Regulation 33 of the SEBI Listing Regulations ("**Standalone Unaudited Financial Results**") and the related review report thereon;

(iv) the consolidated unaudited financial results of our Group for the six months ended 30 September 2024, prepared in accordance with Regulation 33 of the SEBI Listing Regulations ("**Consolidated Unaudited Financial Results**") and the related review report thereon;

The audited consolidated financial statements for Fiscal 2022, Fiscal 2023 and 2024 have been audited by Manish Goyal & Co. (FRN 006066C), a firm registered with the Institute of Chartered Accountants of India, New Delhi, on which they have issued audit reports dated 6 May 2022, 11 May 2023 and 26 April 2024, respectively. The audited standalone financial statements for Fiscal 2022, Fiscal 2023 and 2024 have been audited by Manish Goyal & Co., on which they have issued audit reports dated 6 May 2022, 11 May 2023 and 26 April 2024, respectively. The Consolidated Unaudited Financial Results and Standalone Unaudited Financial Results are prepared in accordance with Regulation 33 of SEBI Listing Regulations and have been subjected to limited review by Saket Jain & Co, our current Statutory Auditors

and they have issued a review report dated 30 October 2024 and 30 October 2024, respectively, based on their review conducted in accordance with Standard on Review Engagement (SRE) 2410 issued by the ICAI. The Audited Consolidated Financial Statements and Audited Standalone Financial Statements should be read along with the respective audit reports, and the Consolidated Unaudited Financial Results and Standalone Unaudited Financial Results should be read along with the limited review report issued thereon.

Except as specifically indicated otherwise and unless the context requires otherwise, all the financial information for the six months ended 30 September 2024 and 30 September 2023, included in this Offering Circular has been derived from the Unaudited Interim Consolidated Financial Statements and Unaudited Interim Standalone Financial Statements.

Ind AS differs from accounting principles with which prospective investors may be familiar in other countries, including IFRS and US GAAP and the reconciliation of the financial information to other accounting principles has not been provided. No attempt has been made to explain those differences or quantify their impact on the financial data included in this Offering Circular and investors should consult their own advisors regarding such differences and their impact on our Company's financial data. The degree to which the financial information included in this Offering Circular will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting policies and practices, Ind AS, the Companies Act and the SEBI Listing Regulations. Any reliance by persons not familiar with Ind AS, the Companies Act, the SEBI Listing Regulations and practices on the financial disclosures presented in this Offering Circular should accordingly be limited. Also see, "*Risk Factors – Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition*".

Any discrepancies in the tables included herein between the amounts listed and the totals thereof are due to rounding off. Accordingly, the figure shown as totals in this Offering Circular may not be an arithmetic aggregation of the figures which precede them.

Our Company's website, and the websites of our Subsidiaries, shall not form a part of this Offering Circular.

NON-GAAP FINANCIAL MEASURES

Certain non-GAAP measures and certain other statistical information such as Order Book, EBIT, EBITDA, EBITDA Margin, Capital Employed, Return on Capital Employed, Debt, Net Debt, Debt-Equity Ratio, Net Debt-EBITDA Ratio and Interest Coverage Ratio (together referred as "**Non-GAAP Measures**") presented in this Offering Circular are a supplemental measure of our performance and liquidity that are not required by, or presented in accordance with, Ind AS, Indian GAAP, or IFRS. We compute and disclose such non-GAAP financial measures and such other statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance.

Further, these Non-GAAP Measures are not a measurement of our financial performance or liquidity under Ind AS, Indian GAAP, or IFRS and should not be considered in isolation or construed as an alternative to cash flows, profit / (loss) for the year/ period or any other measure of financial performance or as an indicator of our operating performance, liquidity, profitability or cash flows generated by operating, investing or financing activities derived in accordance with Ind AS, Indian GAAP, or IFRS. In addition, these Non-GAAP Measures are not a standardised term, hence a direct comparison of similarly titled Non-GAAP Measures between companies may not be possible. Other companies may calculate the Non-GAAP Measures differently from us, limiting its usefulness as a comparative measure. Although the Non-GAAP Measures are not a measure of performance calculated in accordance with applicable accounting standards, our Company's management believes that it is useful to an investor in evaluating us because it is a widely used measure to evaluate a company's operating performance or liquidity.

DEFINITIONS AND ABBREVIATIONS

This Offering Circular uses the definitions and abbreviations set forth below which you should consider when reading the information contained herein. The following list of certain capitalised terms used in this Offering Circular is intended for the convenience of the reader/prospective investor only and is not exhaustive.

Unless otherwise specified, the capitalised terms used in this Offering Circular shall have the meaning as defined hereunder unless specified otherwise in the context thereof. Further, any references to any statute, rules, guidelines, regulations or policies shall include amendments thereto, from time to time.

The words and expressions used in this Offering Circular but not defined herein, shall have, to the extent applicable, the meaning ascribed to such terms under the Companies Act, the SEBI ICDR Regulations, the SCRA, the Depositories Act, or the rules and regulations made thereunder. Notwithstanding the foregoing, terms used in the section "*Taxation*", "*Industry Overview*", "*Financial Statements*" and "*Legal Proceedings*", shall have the meaning given to such terms in such sections, respectively.

GENERAL TERMS

Term	Description
"Issuer", or "our Company" or "Company"	Paisalo Digital Limited, a company incorporated under the Companies Act, 1956
"we", "Group", "our Group", "us" or "our"	Unless the context otherwise indicates or implies, refers to our Company together with our Subsidiary/(ies)

COMPANY RELATED TERMS

Articles or Articles of Association	Articles of Association of our Company, as amended from time to time
Audit Committee	The audit committee of our Company
"Board of Directors" or "Board"	The board of directors of our Company or any duly constituted committee thereof
CEO	Chief Executive Officer
Chairman	The chairman of our Company
Compliance Officer	The compliance officer of our Company
Corporate Social Responsibility Committee	The corporate social responsibility committee our Company
Director(s)	Director(s) on the Board of our Company
Directors and Officers	The directors, officers and employees of the Company and its Subsidiary
Share(s)	The equity shares of our Company, each having a face value of ₹1.00
Executive Director	The Director appointed as Managing Director or Deputy Managing Director or Whole-Time Director of our Company in accordance with the Companies Act
Head Office	The head office of our Company is located at Paisalo House, 74, Gandhi Nagar, NH-2, Agra -282003, India
Independent Director	A Non-Executive, Independent Director as per the Companies Act, 2013 and the SEBI Listing Regulations, who are currently on the Board of our Company
Key Managerial Personnel	Managing Director, Executive Directors, Chief Finance Officer and Company Secretary of our Company appointed in accordance with the Companies Act
"Memorandum" or "Memorandum of Association"	Memorandum of Association of our Company, as amended from time to time
Nomination and Remuneration Committee	The nomination and remuneration committee of our Company
Non-executive Director	A Director, not being an Executive Director
Promoter	Mr. Sunil Agarwal

Promoter Group	Promoter Group of our Company as determined in accordance with the Regulation 2(1)(pp) of the SEBI ICDR Regulations
Registered & Corporate Office	The registered and corporate office of our Company is located at CSC, Pocket 52, CR Park, Near Police Station, New Delhi – 110019, India
Risk Management Committee	The risk management committee of our Company
Shareholder(s)	The holder(s) of Shares of our Company, unless otherwise specified in the context thereof
Senior Management Personnel	Mr. Anurag Sinha - Chief Operating Officer and Chief Information and Security Officer Mr. Gaurav Chaubey – Chief Risk Officer Mr. Samresh Agarwal – Chief Recovery Officer Mr. BVSKT Bhaskar – Senior Vice President Business Mr. Sushant Sharma – Executive Vice President IT Ms. Nishta Sharma – Vice President Marketing Mr. Mithun Kumar Singh Rathore - Vice President Legal Mr. Rajeev Seth – Strategy Head
Stakeholders' Relationship Committee	The stakeholders' relationship committee of our Company
Statutory Auditors	Current statutory auditors of our Company, being Saket Jain & Co., Chartered Accountants
Subsidiaries	Subsidiaries of our Company as of the date of this Offering Circular, in accordance with the Companies Act, 2013, as amended from time to time

INDUSTRY RELATED TERMS

AA	Account Aggregator
AMC-MF	Asset Management Companies- Mutual Funds
ARC	Asset Reconstruction Company
AUM	Asset under management
BBPS	Bharat Bill payment System
BC	Business Correspondent
CAGR	Compounded Annual Growth Rate
CD	Credit to Deposit ratio
CFC	Common Facility Centre
CGTMSE	Credit Guarantee Fund Trust for Micro and Small Enterprises
CIC	Core Investment Company
CLM	Co-lending Models
DIS	District Industry Centre
DPI	Digital Public Infrastructure
DPIIT	Department for Promotion of Industry and Internal Trade
ERP	Enterprise Resource Planning
FIP	Financial Information provider
FIU	Financial Information user
GDP	Gross Domestic Product
GNPA	Gross Net Performing Assets
HFC	Housing Finance Company
ICC	Investment and Credit Company
IDF	Infrastructure Debt Fund
IFC	Infrastructure Finance Company
JAM	Jan Dhan, Aadhar Mobile
KVIB	Khadi and Village Industries Board
KVIC	Khadi and Village Industries Commission
LAF	Liquidity Adjustment Facility
LMS	Loan Management System
LoS	Loan Orientation System
MFI	Micro Finance Institution
MGC	Mortgage Guarantee Company
MSE-CDP	Micro and Small enterprises Cluster Development Program

MSF	Marginal Standing Facility
MSME	Micro, small, and medium enterprises
MtM	Market to Market
NBFC	Non-Banking Financial Company
NBFC-BL	NBFC- Base Layer
NBFC-D	NBFC Deposit-Taking
NBFC-MFI	NBFC - Micro Finance Institution
NBFC-ML	NBFC-Middle Layer
NBFC-ND-SI	NBFC Non-Deposit taking Systemically Important
NBFC-UL	NBFC-Upper layer
NNPA	Net Non-Performing Assets
NOFHC	Non-Operative Financial Holding Company
NPA	Non-Performing assets
P2P	Peer-to-Peer Lending Platform
PBL	Partnership Based Lending
PCR	Provision Coverage Ratio
PMEGP	The Prime Minister Employment Generation Programme
PMJDY	Pradhan Mantri Jan Dhan Yojna
POS	Point of sale
PPI	Pre-Paid Instruments
PSB	Public Sector Banks
PSL	Priority Sector Lending
PVB	Private Sector Banks
RAMP	Raising and Accelerating MSME Performance
RBI	Reserve Bank of India, GoI
SBI	State Bank of India, GoI
SDF	Standing Deposit Facility
SEBI	Securities and Exchange Board of India, GoI
SFA	The Securities and Futures Act (Chapter 289) of Singapore
SFB	Small Finance Bank
SRO	Self-Regulatory Organisation(s)
TAM	Total Addressable Market
UPI	Unified Payments Interface

CONVENTIONAL AND GENERAL TERMS/ABBREVIATIONS

AGM	Annual general meeting
AIF(s)	Alternative investment funds, as defined and registered with SEBI under the Securities and Exchange Board of India (Alternative Investment Funds) Regulations, 2012, as amended
AS	Accounting Standards issued by ICAI, as required under the Companies Act
BSE	BSE Limited
CIN	Corporate Identity Number
Code	The United States Internal Revenue Code of 1986
Civil Procedure Code	The Code of Civil Procedure, 1908, as amended
Companies Act, 1956	The erstwhile Companies Act, 1956 along with the rules made thereunder
Companies Act/Companies Act, 2013	Companies Act, 2013, as amended, and the rules, regulations, circulars, modifications and clarifications thereunder, to the extent notified
Competition Act	The Competition Act, 2002, as amended
Crore	A crore denotes ten million and is equal to 100 lakh in the Indian numbering system.
CrPC	Code of Criminal Procedure, 1973
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the Securities and Exchange Board
DIN	Director Identification Number

ECB Guidelines	The Foreign Exchange Management Act, 1999, as amended or the rules and regulations issued thereunder, together with (a) the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 and circulars or notifications issued thereunder by the RBI; (b) the ECB Master Direction; (c) the Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated 1 January 2016; and (d) any other applicable regulations, notifications, circulars or guidelines issued in respect of external commercial borrowings, as construed in accordance with the RBI, in each case, as amended, modified, replaced or substituted from time to time pursuant to any rules, regulations, notifications, circulars, press notes or orders issued by the RBI or other Indian governmental agency in relation to external commercial borrowings
ECB Master Directions	Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations, FED Master Direction No. 5/2018-19 dated 26 March 2019, issued by the RBI, as amended from time to time
EGM	Extraordinary general meeting
FCCB Scheme	The Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993, as amended
FDI	Foreign direct investment
FDI Policy	Consolidated foreign direct investment policy dated 28 October 2020 effective from 15 October 2020, issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India (earlier known as the Department of Industrial Policy and Promotion)
"Financial year" or "Fiscal Year" or "FY" or "Fiscal"	Unless otherwise stated, the period of 12 months commencing on 1 April of a year and ending on 31 March of the next year
FPI	Foreign portfolio investors as defined under the SEBI FPI Regulations and includes a person who has been registered under the SEBI FPI Regulations
Fugitive Economic Offender	An individual who is declared a fugitive economic offender under Section 12 of the Fugitive Economic Offenders Act, 2018, as amended
FVCI	Foreign venture capital investors as defined and registered with SEBI under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000, as amended
GAAP	Generally accepted accounting principles
GAAR	General Anti-Avoidance Rules
GBP	Great Britain Pound
GDP	Gross domestic product
GDR	Global Depositary Receipt
GIR	General index registrar
"GoI"/ "Government"	Government of India, unless otherwise specified
GST	Goods and services tax
HUF	Hindu undivided family
ICAI	The Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards of the International Accounting Standards Board
Ind AS	Indian accounting standards converged with IFRS with some differences, as specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015, as amended
Indian GAAP	Generally accepted accounting principles in India, including the accounting standards specified under Section 133 of the

	Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, as amended
IPC	Indian Penal Code, 1860
IT	Information technology
"Lac"/ "lakh"	In the Indian system of measurement equal to one hundred thousand
MCA	Ministry of Corporate Affairs, GoI
NCLT	National Company Law Tribunal, GoI
"NRI" or "Non-Resident Indian"	A person resident outside India who is a citizen of India as defined under the Foreign Exchange Management (Deposit) Regulations, 2016 or is an 'Overseas Citizen of India' cardholder within the meaning of section 7(A) of the Citizenship Act, 1955, as amended
NSE	National Stock Exchange of India Limited
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended
RBI Reference Rate	The exchange rate between the Rupee and the U.S. dollar (in Rupees per U.S. dollar), on any date as released by the RBI
RoC, Delhi	Registrar of Companies, NCT of Delhi and Haryana at New Delhi
RoC, Kanpur	Registrar of Companies, Uttar Pradesh at Kanpur
"Rs."/"Rupees"/"INR"/"₹"	Indian Rupees, the legal currency of the Republic of India
S&P CNX NIFTY	Regional stock market index endorsed by Standard & Poor's which is composed of 50 of the largest and most liquid stocks found on the National Stock Exchange of India
SCRA	Securities Contracts (Regulation) Act, 1956, as amended
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI FPI Regulations	The Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2019, as amended
SEBI Listing Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended
SEBI ICDR Regulations	The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended
SEBI Takeover Regulations	The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
SENSEX	Index of 30 stocks traded on the BSE representing a sample of large and liquid listed companies
SFIO	Serious Fraud Investigation Office, GoI
SME	Small or Medium Enterprise
Stock Exchanges	BSE and NSE, taken together
STT	Securities transaction tax
"U.S.$" or "U.S. dollar" or "USD"	United States Dollar, the legal currency of the United States
"U.S. person"	U.S. person as defined in Regulation S
"USA" or "U.S." or "United States"	United States of America
U.S. Securities Act/Securities Act	The United States Securities Act of 1933, as amended

INDUSTRY AND MARKET DATA

Information included in this Offering Circular regarding market position, growth rates, industry forecasts and other industry data pertaining to our Company's business consists of estimates based on data reports compiled by government bodies, professional organizations and analysts, data from other external sources and knowledge of the markets in which we operate. Unless stated otherwise statistical information, market positions, economic data and certain other industry data included in this Offering Circular pertaining to the various industries and sectors in which we operate has been reproduced from trade, industry and government publications and websites. We confirm that such information and data has been accurately reproduced, and that as far as we are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading.

In this context, please note that we have relied on Industry Outlook Report, prepared and issued by Grant Thornton Bharat by email dated 6 August 2024. Information included in this Offering Circular from GT Bharat's Industry Outlook Report is subject to the following disclaimer:

"*This document/report is of a confidential nature and has been specifically prepared for the exclusive use of Paisalo Digital Ltd. It is imperative that this material not be utilised, duplicated, or shared with any other party, either in its entirety or in part, without obtaining our prior written consent, except in adherence to the provisions set out in the Letter of Engagement. We have placed our trust in the information provided by Paisalo Digital Ltd. affirming the accuracy of all data and information to the best of their knowledge. Moreover, we have taken every precaution to ensure that no essential facts or information that could significantly impact our findings have been deliberately concealed or omitted.*

Our reliance extends to the information provided in relation to this engagement, encompassing managerial data, supporting documentation, and electronic records. To the maximum extent permitted by the law, we disclaim any responsibility or assumption of responsibility for anyone other than Paisalo Digital Ltd. in relation to our work, our report, and other forms of communication, including any opinions we have arrived at. We cannot be held accountable for any losses or damages that may arise from the use of this report by the recipient(s) for purposes not related to "Industry Outlook Report".

This report does not constitute and shouldn't be construed to be an opinion or report covering any legal or regulatory advice or opinion or procedures to detect fraud or illegal acts. The report and/or the underlying services undertaken by us does not include any procedures to test compliance with the laws or regulations of any jurisdiction. The Paisalo Digital Ltd. should engage with their legal experts or law firms for these purposes and/or for any other legal advice or opinion or representation needed.

Unless otherwise indicated, industry and market data used in this section has been derived from the Grant Thornton Bharat Report, which has been commissioned by us in connection with the offer. Unless otherwise indicated, all financial, operational, industry and other related information derived from the Grant Thornton Bharat report and included herein with respect to any particular year, refers to such information for the relevant year."

Neither our Company, the Lead Manager, the Trustee nor the Agents have independently verified such third party and industry related data, nor do we, the Lead Manager, the Trustee or the Agents make any representation regarding the accuracy of such data. Similarly, while our Company believes that its internal estimates are reasonable, such estimates have not been verified by any independent sources, and neither we, the Lead Manager, the Trustee nor the Agents can assure potential investors as to their accuracy. The extent to which the market and industry data used in this Offering Circular is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. For further details, please see, "*Risk Factors – Industry information included in this Offering Circular has been derived from an industry report prepared by Grant Thornton Bharat and exclusively commissioned and paid for by us for such purpose.*". The Report is not exhaustive and is based on certain assumptions, parameters and conditions. The data and statistics in the Report may be inaccurate, incomplete or unreliable. Thus, neither our Company, the Lead Manager, the Trustee nor the Agents can assure you of the correctness, accuracy and completeness of such data. Accordingly, investment decisions should not be based solely on such information.

FORWARD-LOOKING STATEMENTS

Certain statements contained in this Offering Circular that are not statements of historical fact constitute "forward looking statements". Investors can generally identify forward-looking statements by terminology such as "aim", "anticipate", "believe", "continue", "can", "could", "estimate", "expect", "intend", "may", "objective", "plan", "potential", "project", "pursue", "shall", "should", "will", "would", "future", "forecast", "target", "will likely result", "is likely", "are likely", "expected to", "will continue", "will achieve", or other words or phrases of similar import. Similarly, statements that describe the strategies, objectives, plans or goals of our Company are also forward-looking statements. However, these are not the exclusive means of identifying forward-looking statements.

All statements regarding our Company's expected financial conditions, results of operations, business plans and prospects are forward-looking statements. These forward-looking statements include statements as to our Company's business strategy, planned projects, revenue and profitability (including, without limitation, any financial or operating projections or forecasts), new business and other matters discussed in this Offering Circular that are not historical facts. These forward-looking statements contained in this Offering Circular (whether made by our Company or any third party), are predictions and involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of our Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or other projections. All forward-looking statements are subject to risks, uncertainties and assumptions about our Company that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our Company's expectations include, among others:

- the impact of the outbreak of COVID-19;
- successful implementation of our growth strategies and expansion of the business;
- volatility in interest rates and interest rate and maturity mismatches between assets and liabilities in the future;
- increase in the level of non-performing assets;
- mismatches in the maturity of our assets and liabilities;
- our indebtedness and conditions and restrictions imposed by our financing arrangements;
- downgrade in our credit ratings;
- our inability to obtain, renew or maintain statutory and regulatory permits and approvals required to operate our business;
- our ability to compete in the competitive finance industry; and
- failure on our part to identify, monitor and manage risks and effectively implement our risk management policies.

Additional factors that could cause actual results, performance or achievements to differ materially include, but are not limited, to those discussed under the sections "*Risk Factors*", "*Industry Overview*" and "*Business*".

The forward-looking statements contained in this Offering Circular are based on the beliefs of our Company and management, as well as the assumptions made by, and information currently available to, management of our Company and our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that

such expectations will prove to be correct. Given these uncertainties, investors are cautioned not to place undue reliance on such forward-looking statements. In any event, these statements speak only as of the date of this Offering Circular or the respective dates indicated in this Offering Circular, and neither our Company nor any of the Lead Manager undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise. If any of these risks and uncertainties materialise, or if any of our Company's underlying assumptions prove to be incorrect, the actual results of operations or financial condition of our Company could differ materially from that described herein as anticipated, believed, estimated or expected. All subsequent forward-looking statements attributable to our Company are expressly qualified in their entirety by reference to these cautionary statements.

ENFORCEMENT OF CIVIL LIABILITIES

Our Company is a limited liability company incorporated under the laws of India. All of our Directors, Key Managerial Personnel and Senior Management Personnel named herein are residents of India and the assets of our Company and of such persons are located in India. As a result, it may be difficult or may not be possible for the prospective investors outside India to affect service of process upon our Company or such persons in India, or to enforce against them judgments of courts outside India.

India is not a signatory to any international treaty in relation to the recognition or enforcement of foreign judgments. However, recognition and enforcement of foreign judgments is provided for under Section 13 and Section 44A, respectively, of the Civil Procedure Code. Section 13 of the Civil Procedure Code provides that a foreign judgment shall be conclusive regarding any matter directly adjudicated upon between the same parties or parties litigating under the same title, except:

(a) where the judgment has not been pronounced by a court of competent jurisdiction;

(b) where the judgment has not been given on the merits of the case;

(c) where it appears on the face of the proceedings that the judgment is founded on an incorrect view of international law or a refusal to recognise the law of India in cases in which such law is applicable;

(d) where the proceedings in which the judgment was obtained were opposed to natural justice;

(e) where the judgment has been obtained by fraud; and

(f) where the judgment sustains a claim founded on a breach of any law then in force in India.

Section 44A of the Civil Procedure Code provides that a foreign judgment rendered by a superior court (within the meaning of that section) in any jurisdiction outside India which the Government has by notification declared to be a reciprocating territory, may be enforced in India by proceedings in execution as if the judgment had been rendered by a competent court in India. Under Section 14 of the Civil Procedure Code, a court in India will, upon the production of any document purporting to be a certified copy of a foreign judgment, presume that the foreign judgment was pronounced by a court of competent jurisdiction, unless the contrary appears on record but such presumption may be displaced by proving want of jurisdiction. However, Section 44A of the Civil Procedure Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalties and does not include arbitration awards.

Each of the United Kingdom, United Arab Emirates, Singapore and Hong Kong have been declared by the Government to be a reciprocating territory for the purposes of Section 44A of the Civil Procedure Code, but the United States of America has not been so declared. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. The suit must be filed in India within three years from the date of the foreign judgment in the same manner as any other suit filed to enforce a civil liability in India. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the foreign judgment and not by proceedings in execution.

It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgments if it views the amount of damages awarded as excessive or inconsistent with public policy of India and it is uncertain whether an Indian court would enforce foreign judgments that would contravene or violate Indian law. Further, any judgment or award denominated in a foreign currency would be converted into Indian Rupees on the date of such judgment or award and not on the date of payment. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such foreign judgement, and we cannot assure that such approval will be forthcoming within a reasonable period of time, or at all, or that conditions of such approvals would be acceptable and additionally and any such amount may be subject to income tax

pursuant to execution of such a judgment in accordance with applicable laws. Our Company and the Lead Manager cannot predict whether a suit brought in an Indian court will be disposed of in a timely manner or be subject to considerable delays.

EXCHANGE RATES

Fluctuations in the exchange rate between the Rupee and foreign currencies will affect the foreign currency equivalent of the Rupee price of the Bonds and/or the Shares on the Stock Exchanges. These fluctuations will also affect the conversion into foreign currency of any cash dividends paid in Rupees on the Shares.

The following table sets forth, for the periods indicated, information with respect to the exchange rates between the Rupee and the U.S. dollar (in Rupees per U.S. dollar), based on the reference rates released by the RBI/FBIL, which are available on the website of the RBI/FBIL. No representation is made that any Rupee amounts actually represent such amounts in U.S. dollars or could have been, or could be converted into, U.S. dollars at any particular rate, the rates indicated, any other rates or at all.

(Rs.per US$1)

	Year ended December 31			
	Period End	**Average**	**High**	**Low**
2019	71.2740	70.4086	72.1899	68.3665
2020	73.0536	74.0648	76.8084	70.8115
2021	74.3025	73.9783	76.2528	72.2923
2022	82.7862	78.6531	83.2042	73.9319
2023	83.1164	82.5999	83.3950	81.2196
2024 (up to 27 November 2024)	84.4708	83.5446	84.4975	82.6770
	Quarter ends			
First Quarter 2022	75.8071	75.2504	76.9239	73.9319
Second Quarter 2022	78.9421	77.2508	78.9421	75.3899
Third Quarter 2022	81.5522	79.8109	81.9005	78.6082
Fourth Quarter 2022	82.7862	82.2026	83.2042	68.3665
First Quarter 2023	82.2169	82.2596	82.9145	81.2196
Second Quarter 2023	82.0428	82.2114	82.7982	81.6526
Third Quarter 2023	83.0580	82.6554	83.2553	81.8088
Fourth Quarter 2023	83.1164	83.2707	83.3950	83.0173
First Quarter 2024	83.3739	83.0300	83.3739	82.6770
Second Quarter 2024	83.4534	83.4231	83.5860	83.0659
Third Quarter 2024	83.7888	83.7630	83.9843	83.4043
Fourth Quarter (up to 27 November 2024)	84.4708	84.1637	84.4975	83.8149

Source: (www.rbi.org.in / www.fbil.org.in)

(1) The price for the period end refers to the price as on the last trading day of the respective calendar or quarterly periods.

(2) Average of the official rate for each Working Day of the relevant period.

(3) Maximum of the official rate for each Working Day of the relevant period.

(4) Minimum of the official rate for each Working Day of the relevant period.

SUMMARY

INDUSTRY

Indian and Global Economy: Macroeconomic scenario

The credit sector is pivotal to the economic framework of any country, influencing growth, stability, and development through financial intermediation. The Union Budget of 2024-25, presented by Honourable Finance Minister in July 2024, underscores the significance of this sector in India. With comprehensive measures aimed at bolstering the Micro, Small, and Medium Enterprises (MSME) sector, skilling initiatives, educational loans, and agricultural financing, the budget reflects India's commitment to fostering economic growth through enhanced credit availability.

For MSMEs, the revamp of Credit Guarantee Scheme with Rs. 9000 corpus to enable additional collateral-free guaranteed credit of Rs. 2 lakh crore and a new assessment model for MSME credit marks a significant shift towards facilitating easier access to credit. This is crucial for India's economic fabric, as MSMEs are a major contributor to employment and GDP. The budget also prioritizes skilling and education, with revised loan schemes and financial support for higher education. These initiatives are aimed at creating a skilled workforce, which is essential for sustaining economic growth and competitiveness. Additionally, the focus on agriculture financing indicates a holistic approach to economic development, ensuring support for sectors that are vital to the rural economy.

As per the IMF Global Economic Outlook Update April 2024, India’s GDP is expected to grow at 6.8%, driven by stable consumption demand and steadily improving investment demand. According to the National Council of Applied Economic Research (NCAER), the growth will be driven primarily by six sectors: private sector capital formation, green transition financing, MSME development, agricultural transformation, Education and skill development, and enhanced state capacity, all of which are being supported as per the latest budget.

External global risks are high such as the ongoing Russia-Ukraine War, Escalations in the Middle East, and geopolitical rivalry between the U.S. and China, and potential policy shifts due to elections in over 70 countries. However, India’s constant Cash Reserve Ratio and Repo Rate indicate stable monetary policy with RBI striking a balance between controlling inflation and supporting economic growth. It also suggests that banks will continue to lend within their existing capacity while they may maintain or lower interest rates. India has been maintaining a consistent repo rate indicating RBI’s confidence in the stability of the economy, no immediate inflationary pressure, and most importantly, a predictable environment for borrowers and lenders. The CPI is also expected to decline marginally to 4.9% in FY25 due to softening in prices of certain components.

Indian economy overview

The Indian economy demonstrated resilience in the face of the COVID-19 pandemic. After a contraction of -6% in 2020, triggered by nationwide lockdowns, the Gross Domestic Product (GDP) has consistently shown robust recovery since 2021. The GDP has grown steadily from INR 236 lakh crore in 2021-22 to INR 295 lakh crore (provisional estimates) in 2023-24, showcasing the economy’s adaptability.

Notably, the Indian economy grew with a CAGR of 10.07% (nominal basis) between 2019 to 2024, highlighting a strong recovery. This upswing can be attributed to various factors, including: Increased government spending on infrastructure and welfare schemes, rising global demand, positively impacting the manufacturing and information technology sectors and Effective monetary policies implemented by the government.

The GDP growth rate has fluctuated significantly over the five-year period, reflecting the economy’s volatile response to challenges. The COVID-19 pandemic caused a sharp contraction in 2020-21, but government stimulus measures and pent-up consumer demand drove a strong recovery in 2021-22. As the economy adjusted post-recovery, growth moderated to 7% in 2022-23, indicating a return to stability. The latest growth rate of 8% in 2023-24 suggests a sustained recovery, with the economy demonstrating resilience.

Growth of Credit Through NBFCs

From October 2022, the Scale Based Regulation (SBR) for NBFCs was introduced, classifying them into four tiers: Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL), and Top Layer (NBFC-TL) based on the NBFC's size, activities, and risk levels.

The Base Layer comprises non-deposit taking NBFCs with assets less than ₹1000 crore and those engaged in specialized activities, including peer-to-peer lending, account aggregation, non-operative financial holding companies, and NBFCs that don't accept public funds and have no direct customer interface.

The Middle Layer includes a range of NBFCs, such as all deposit-taking NBFCs regardless of size, non-deposit taking NBFCs with assets over ₹1000 crore, and those engaged in specific activities like primary dealing, infrastructure debt funding, core investment, housing finance, and infrastructure finance, which require closer regulatory oversight due to their systemic importance or business complexity.

The Upper Layer consists of NBFCs that the RBI has identified as requiring stricter regulations, based on predetermined parameters and scoring methods given by RBI. Additionally, the top ten NBFCs by asset size will automatically be placed in the Upper Layer, regardless of other factors, to ensure closer monitoring of systemically important entities.

The Top Layer is intended to be left vacant, but the Reserve Bank may populate it with specific NBFCs from the Upper Layer if it determines that they pose a significantly increased systemic risk. In such cases, these NBFCs will be moved up to the Top Layer.

In February 2021, the RBI recognised the need to harmonise regulations governing microfinance lending, leading to a redesign of the regulatory framework. This harmonisation aims to create a level playing field for NBFC-MFIs, banks, and small finance banks (SFBs) by subjecting them to the same rules, thus removing the competitive edge previously enjoyed by banks and SFBs. Key regulatory changes include establishing a common definition for microfinance loans, implementing a board-approved policy for household income assessment, capping loan repayment obligations to 50% of household income, offering greater flexibility in repayment frequency, removing penalties for early repayment and collateral requirements, and introducing a standardised fact sheet for loan pricing transparency. The guidelines also align pricing rules for NBFC-MFIs with those for other NBFCs and withdraw specific regulations that applied only to NBFC-MFIs, such as the two-lender norm and particular pricing instructions.

The NBFC sector in India has experienced rapid growth, extending financial services to previously underserved groups through specialized products. However, this expansion has led to increased interconnectedness with the broader financial system, prompting regulatory action. To address this, the Reserve Bank has introduced a tiered regulatory framework, scaling requirements to the size and complexity of NBFCs.

As of March 2022, the majority of NBFCs (94%) fell under the smaller NBFC-BL category, yet they accounted for only 5% of total assets. In contrast, a small fraction of NBFCs (6%) held a significant 95% of total assets, indicating a high level of market concentration. In response, the Reserve Bank has implemented increasingly stringent regulations for larger NBFCs to ensure stability and mitigate potential risks.

THE COMPANY

Our Company was incorporated in the name of S. E. Investments Private Limited under the Companies Act, 1956 pursuant to a certificate of incorporation dated 5 March 1992 issued by the Registrar of Companies, Uttar Pradesh at Kanpur ("**RoC, Kanpur**"). The Company was converted into a limited company pursuant to a fresh certificate of incorporation dated 1 March 1995 issued by RoC, Kanpur. The Registered Office of the Company was shifted to the State of Delhi vide order dated 22 May 2003 issued by the Registrar of the Companies, NCT of Delhi and Haryana ("**RoC, Delhi**"). The name of the Company was subsequently changed to Paisalo Digital Limited pursuant to a fresh certificate of incorporation dated 12 January 2018

issued by RoC, Delhi. The Corporate Identity Number of our Company is L65921DL1992PLC120483. Our Company is registered as an NBFC with RBI having registration number B-14.02997.

Our Company is urban, semi-urban and rural focused Non-Deposit taking Systemically Important – Non-Banking *Finance* Company ("**NBFC- NDSI**") and a Non- Banking Financial Company-Middle Layer ("**NBFC-ML**"), registered with the Reserve Bank of India ("**RBI**") with a geographically diversified presence in India and over three decades of domain expertise in providing financial services predominantly to women customers and small and medium sized businesses. As on 30 September 2024, 16.45% of our portfolio pertains to loans provided under the Co-Lending Business Model ("**Co-Lending**"). Outside AUM is Rs.3789.19 Crore, belongs to Business Loan, Corporate Loan, MSME Loans, Source of Funds is Cash Credit/Term Loan from banks, Non-Convertible Debentures, Commercial Papers, Inter Corporate Loans and Revenue of Rs.373.58 Crore for the half year ended 30 September 2024.

Our Company started its operations in 1992 as a Non- Banking Financial Company ("**NBFC**"). We received a provisional certificate of registration from the RBI in 1995, and in 1998, we were registered by the RBI to carry on the business of an NBFC without accepting public deposits. Thereafter, in 2004, we received a fresh certificate of registration from the RBI as a deposit-taking company. Subsequently, in 2014, our Company surrendered its registration as a deposit-taking company and obtained a fresh certificate of registration from the RBI to carry on the business of an NBFC without accepting public deposits. Subsequently, in 2018, our Company was granted a new certificate of registration by the RBI pursuant to our Company's name being changed from S. E. Investments Limited to Paisalo Digital Limited.

Since our incorporation in 1992 and as on 30 September 2024, we have grown to become a lender with a diversified presence in 22 states and union territories and offering services to approximately 6.51 million customers through our network of 3275 touchpoints, comprising of 336 branches, 1653 distribution points, and 1286 customer service points.

- A full branch involves significant operational (Opex) and capital expenditures (Capex). This includes costs for infrastructure, staffing, technology, and other operational needs. Such branches are fully equipped to handle all lending activities, from lead generation to customer servicing, ensuring a comprehensive customer experience.

- A distribution point is focused solely on lead generation. It incurs minimal operational expenses with no capital expenditure. These points do not require physical infrastructure beyond the basics and are designed to funnel potential customers to full branches for processing, thus reducing overhead costs while expanding market reach.

- CSPs for SBI and Bank of India operate with no operational or capital expenditures. These points provide banking correspondent services such as account opening, deposits, withdrawals, and other basic financial services. They are typically set up in collaboration with the banks, leveraging CSPs existing infrastructure, and personnel, thus minimizing costs while extending banking services to underserved areas, and only generating non-interest income for the company.

Such a geographical spread allows us to help our customers to seamlessly access our services across a wide range of locations.

We provide three key financial services: (i) small income generation loans such as Umeed and Pragati loans ("**Small Income Generation Loans***"),* (ii) entrepreneurial loans to micro, small and medium enterprises and business loans such as Udaan loans("**MSME/Business Loans***"),* and (iii) financial services provided under Business Correspondent Agreements entered into by the Company with the State Bank of India, and Bank of India, which include account opening, savings bank deposits, term deposits, remittances, cash deposit and withdrawal, pension products, micro insurance, enrolment in government sponsored social security schemes, small value credit, and recovery etc.

SUMMARY OF THE OFFERING

*The following is a general summary of the terms of the Bonds. This summary is derived from and should be read in conjunction with the full text set out herein in "Terms and Conditions of the Bonds" (the "**Conditions**" or the "**Terms and Conditions of the Bonds**") and the Trust Deed constituting the Bonds, which will prevail to the extent of any inconsistency with the terms set out in this section. Capitalised terms used herein and not otherwise defined have the respective meanings given to such terms in the Conditions.*

Issuer	Paisalo Digital Limited
Bonds	Up to U.S.$75,000,000, 7.5 per cent. Secured Foreign Currency Convertible Bonds due 2029 convertible into equity shares of Re.1.00 each in the share capital of Paisalo Digital Limited.
Common Depositary	China Construction Bank (Asia) Corporation Limited
Conversion of the Bonds	The Bonds will be convertible at the option of the Bondholders at INR 45.33. The initial Floor Price will be subject to adjustment in the manner provided in Condition 6.3.1. If an event triggering an adjustment to the Conversion Price under Condition 6.3 occurs so that the Conversion Price, when calculated pursuant to Condition 6.3, would fall below the Floor Price, then the Floor Price shall be deemed to be the Conversion Price. For the terms of the conversion rights, see "*Terms and Conditions of the Bonds – Conversion*".
Events of Default	For a description of certain events that will cause the Bonds to become immediately due and payable, see "*Terms and Conditions of the Bonds – Events of Default*".
Financial Covenants	So long as any of the Bonds remain outstanding, the Issuer will ensure that its Gross Non-Performing Assets expressed as a percentage of Gross Advances shall be less than 5.0 per cent.; and its Minimum Security Coverage Ratio (reviewed on a quarterly and annual basis) shall not be less than 1:1.1 and shall be calculated on the Collateral excluding portion classified as NPA or stage 3 assets.
Floor Price	The Floor Price calculated in accordance with applicable Indian regulations is INR45.33.
Form and Denomination of the Bonds	The Bonds are issued in registered form in the denomination of U.S.$200,000 each or in integral multiples of U.S.$1,000 thereof. A bond certificate (each, a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar.
Further Issues	The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed and to the extent permitted by relevant laws and regulations, create and issue further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds. Such further bonds may be constituted by a deed supplemental to the Trust Deed.

Global Certificate	For as long as the Bonds are represented by the Global Certificate and the Global Certificate is deposited with a common depositary for Euroclear and Clearstream, payments of principal in respect of the Bonds represented by the Global Certificate will be made without presentation and, if no further payment falls to be made in respect of the Bonds, against surrender of the Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to Bondholders for such purpose. The Bonds which are represented by the Global Certificate will be transferable only in accordance with the rules and procedures for the time being of the relevant Clearing System.
Governing Law of the Bonds	The Bonds will be issued under the Trust Deed which is governed by, and construed in accordance with, the laws of England.
Governing Law of the Collateral Documents	The Collateral Documents are governed by Indian law.
Government of India Approvals	The Companies Act, 2013, as amended and the rules framed thereunder, the FCCB Scheme, the ECB Master Directions, the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended and circulars or notifications issued thereunder by the RBI from time to time, allows all entities which are eligible to receive foreign direct investment to raise ECBs (including FCCBs) (i) exceeding U.S. $750 million under the "approval route" (with prior approval of the RBI); and (ii) up to U.S. $750 million under the "automatic route" (without prior approval of the RBI), and subject to compliance with certain conditions specified therein. In accordance with the above rules and regulations, the Company is undertaking the present Issue. See "Indian Government and other Approvals" for further details.
Interest	The Bonds bear interest on their outstanding principal amount from and including 10 December 2024 at the rate of 7.5 per cent. per annum payable semi-annually in arrear in equal instalments of U.S.$37.50 per Calculation Amount (as defined in the Conditions) on 10 June and 10 December in each year, commencing on 10 June 2025.
Issue Date	10 December 2024
Issue Price of the Bonds	100.00 per cent. of their principal amount.
Limitation on Security Interests	So long as any Bonds remain outstanding, the Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest (as defined in the Conditions) of any nature whatsoever on any of its assets or properties that constitutes the Collateral, *provided that* the Issuer may create Security Interest over all or any part of its assets and properties of any kind (other than the Collateral) subject to there being no Default that has occurred and continuing, and subject to compliance with the requirements of Condition 4.
Listing of the Bonds	The Company may apply for the bonds being issued pursuant to this Offering Circular to be listed on SGX-ST or an applicable stock exchange.

Listing of the Shares and Share Ownership Restrictions	We have received in-principle approvals from BSE and NSE dated 25 November 2024 and 27 November 2024, respectively, in respect of the Shares issuable upon conversion of the Bonds and have undertaken to apply to have the Shares issuable upon conversion of the Bonds approved for the final listing and trading on BSE and NSE. There are restrictions on investments in shares of Indian companies by non-residents of India. See "*Foreign Investment and Exchange Controls*".
Lock-up	Neither the Issuer nor any person acting on its behalf will (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing, in any such case without the prior written consent of the Lead Manager between the date of the Subscription Agreement and the date which is 60 days after the Closing Date (both dates inclusive); except for the Bonds and the new Shares issued on conversion of the Bonds. For further details please see "*Subscription and Sale*".
Maturity Date and Final Redemption	Unless previously redeemed, converted or purchased and cancelled as provided in the Conditions, the Issuer will redeem each Bond at 110.82 per cent. of its principal amount on 10 December 2029 (the "**Maturity Date**"), together with accrued interest (if any) (calculated up to but excluding the Maturity Date) providing a gross yield of 9.25 per cent. per annum.
Onshore Security Trustee	Axis Trustee Services Limited
Over Subscription	The issuer has an option to subscribe for or procure subscribers for up to an additional US$25,000,000 of Bonds exercisable within 60 days of the Issue Date.
Paying Agent, Principal Agent, Transfer Agent and Conversion Agent for the Bonds	GLAS Trust Company LLC
Post-Closing Collateral Requirement	To the extent that any of the Collateral Documents required in connection with the creation, perfection and registration of the first ranking security interests in the Collateral have not been executed and delivered on or prior to the Issue Date, or the Issuer has not procured the registration of such security interests on or prior to the Issue Date (in each case, to the extent required by the Trust Deed and the Collateral Documents), the Issuer shall (i) ensure that all such actions are completed as soon as reasonably practicable, and in no event later

	than 60 days following the Issue Date and (ii) deliver, or cause to be a delivered, to the Trustee a certificate signed by two authorised signatories of the Issuer confirming that all such actions have been completed in accordance with the requirements of Condition 4.2.
Promoter and Promoter Group	means the aggregate shareholding of (a) Mr. Sunil Agarwal and any heir, estate, lineal descendant (or spouse thereof), spouse or parent of Mr. Sunil Agarwal; or (b) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are of the Person referred to in paragraph (a) above.
Rating of the Bonds	The Bonds are not, and are not expected to be, rated by any rating agency.
RBI Approval Required for early Redemption or Repurchase	ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting any redemption or repurchase prior to the Maturity Date; such approval may or may not be forthcoming. See "*Risk Factors – Risks Relating to the Bonds and the Shares – RBI approval is required for repayment of the Bonds in certain circumstances, including upon redemption or an Event of Default*" and *Risk Factors – Risks Relating to the Bonds and the Shares – The Issuer may not have the ability to redeem the Bonds*" for further details.
Redemption for Taxation Reasons	Subject to certain conditions and limitations, at any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders (which notice shall be irrevocable) redeem the Bonds, in whole but not in part, at their Early Redemption Amount, together with interest (if any) accrued but unpaid to such date of redemption on the date fixed for redemption if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Republic of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 10 December 2024, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due. Such early redemption will require prior approval of the RBI.
Redemption of the Bonds at the Option of the Issuer	On giving not less than 30 or more than 60 days' notice (an "**Optional Redemption Notice**") to the Holders, the Trustee and the Agents for such redemption, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date of redemption at any time, if immediately prior to the date the relevant Optional Redemption Notice is given, the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (which shall for this purpose include any Bonds issued pursuant to Condition 15 and consolidated and forming a single series therewith).

Registrar for the Bonds	GLAS Trust Company LLC
Repurchase of Bonds at the option of Bondholders	On 10 February 2028 and 10 December 2028 (each one referred to as the "**Optional Put Date**"), each Bondholder will have the right at such holder's option, to require the Issuer to redeem all or some only of the Bonds of such holder on the Optional Put Date at their Early Redemption Amount, together with any interest accrued but unpaid up to but excluding such Optional Put Date (if any). "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation - Redemption at the option of Bondholders*".
Repurchase of Bonds in the Event of a Change of Control	Following the occurrence of a Change of Control (as defined in the Conditions) and to the extent permitted by applicable law, Bondholders will have the right at such holder's option, to require the Issuer to redeem in whole or in part such Bondholder's Bonds on the Change of Control Put Date (as defined in the Conditions) at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date. "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Change of Control put right*".
Repurchase of Bonds in the Event of a Relevant Event	In the event that (i) the Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on NSE or on BSE, or (ii) the Promoter and Promoter Group, directly or indirectly, in aggregate hold 80 per cent. or more of the equity share capital of the Issuer (the "**Liquidity Event**") (each of (i) and (ii), a "**Relevant Event**"), each Bondholder shall have the right, to the extent permitted under applicable law, at such Bondholder's option, to require the Issuer to redeem in whole or in part such Bondholder's Bonds on the twentieth business day after notice has been given to Bondholders regarding the Relevant Event or, if such notice is not given, the twentieth business day after the Relevant Event (the "**Relevant Event Put Date**") at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such Relevant Event Put Date. "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Relevant Event put right*".
Repurchase of Bonds in the Event of Non-Permitted Conversion Price Adjustment	To the extent permitted by applicable law, unless the Bonds have been previously redeemed, converted or purchased and cancelled, if an event triggering an adjustment to the Conversion Price under Condition 6.3 occurs so that the Conversion Price, when calculated pursuant to Condition 6.3, would fall below (i) the Floor Price, or(ii) the level permitted by applicable Indian regulatory authorities (if any) (a "**Non-Permitted Conversion Price Adjustment Event**"), each Bondholder shall have the right, at such Bondholder's option, to require the Issuer to repurchase in whole or in part such Bondholder's Bonds at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date of such redemption. See "*Terms and Conditions of the Bonds- Redemption, Purchase and Cancellation – Repurchase of Bonds in the Event of Non-Permitted Conversion Price Adjustment*".
Selling Restrictions	There are restrictions on the offer, sale and/or transfer of the Bonds in, among others, Hong Kong, India, Japan, Singapore, the United Kingdom, the EEA and the United States. For a description of the selling restrictions on offers, sales and deliveries of the Bonds, see "*Subscription and Sale*".

Share Ranking	The Shares issued upon conversion of the Bonds will in all respects rank *pari passu* with the Shares in issue on the relevant Conversion Date (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights the record date for which falls on or after such Conversion Date to the same extent as all other fully paid and non-assessable Shares of the Issuer in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.
Status of the Bonds and Collateral	The Bonds constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Bonds and the Trust Deed are or, as the case may be, will be secured by, *inter alia*, a first ranking exclusive charge (by way of hypothecation) over identified loan assets of the Issuer which are standard assets only, including all the monies receivable thereunder, (collectively, the "**Collateral**", and the deed of hypothecation and other instruments pursuant to which the security interests in the Collateral are created, the "**Collateral Documents**"). The charge and hypothecation created on the Collateral will be created in favour of the Onshore Security Trustee under the Collateral Documents for the benefit of the Bondholders by way of a first ranking exclusive security interest. Such security interest shall be a floating charge which will, automatically and without prior notice to the Issuer, be crystallised and converted into a fixed charge upon the occurrence of any Event of Default.
Taxation	All payments of principal and interest in respect of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of India (collectively, the "**Taxes**") or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. Where such withholding or deduction is required by law, the Issuer shall pay, subject to Condition 9, such additional amounts as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required. See "*Taxation*".
Transfer Restrictions	Save as otherwise permitted under the laws of India, the Bonds may not be offered, sold or otherwise transferred at any time to any Person which is ineligible under applicable Indian foreign investment regulations (including but not limited to Press Note 3 (as defined herein) to undertake foreign direct investments in India without prior approval of the Government of India.
Trustee for the Bonds	GLAS Trust Company LLC
Use of Proceeds	See section "*Use of Proceeds*" for further details.
Common Code	295246308
ISIN	XS2952463086

Legal Entity Identifier 335800UC6VKZ2E9JVH69

SELECTED FINANCIAL INFORMATION

The following selected financial information is extracted from and should be read in conjunction with, the Unaudited Consolidated Financial Statements, Unaudited Standalone Financial Statements, Audited Consolidated Financial Statements and Audited Standalone Financial Statements included elsewhere in this Offering Circular. Financial information for 30 September 2024 has been derived from the 2024 Consolidated Unaudited Financial Results and the 2024 Standalone Unaudited Financial Results as applicable. Financial information for 31 March 2022 has been derived from the comparatives presented in the Audited Ind AS Consolidated and Standalone Financial Statements as at and for the year ended 31 March 2023.

Consolidated Summary of Balance Sheet

As at 31 March	**2022**	**2023**	**2024**
	(All amount in Rs. in Crore, except for share data unless stated otherwise)		
Particulars			
Assets			
Cash and cash equivalents	9.14	25.63	10.92
Bank balance other than Cash and cash equivalents	1.21	3.48	3.66
Derivative financial instruments	-	-	-
Receivables	-	-	-
(i) Trade Receivables	28.07	9.75	12.25
(ii) Other Receivables	-	-	-
Loans	2,563.42	3,140.42	3,927.01
Investments	25.68	25.19	20.04
Other Financial Assets	52.15	69.99	59.91
Non-Financial Assets	-	-	-
Current tax assets (net)	13.14	11.79	13.97
Deferred tax assts (net)	-	0.51	8.58
Investment Property	-	-	-
Biological Assets other than Bearer plants	-	-	-
Property, plant and equipment	62.42	65.57	66.11
Capital Work-in-Progress	-	-	-
Intangible Assets under development	-	-	-
Goodwill	0.11	-	-
Other Intangible assets	1.10	0.71	0.33
Other Non-Financial Assets	1.34	0.85	0.41
Total Assets	**2,757.76**	**3,353.87**	**4,123.18**
Liabilities and Equity			
Liabilities			
Financial Liabilities			
Derivative financial instruments	-	-	-
Payables			
(I) Trade Payable			
(i) total outstanding dues of micro enterprises and small enterprises	0.08	0.11	2.66
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	9.74	1.42	12.77
(II) Other Payables	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	5.28	11.61	13.81
Debt Securities	374.71	399.98	604.63
Borrowings (Other than Debt Securities)	1,212.25	1,628.21	1,961.77
Deposits	-	-	-

Subordinated liabilities	89.00	89.00	89.00
Other Financial Liabilities	2.51	4.43	9.88
Non Financial liabilities	-	-	-
Current tax liabilities (net)	-	-	-
Provisions	34.61	37.44	46.23
Deferred tax liabilities (net)	2.74	-	-
Other Non-Financial Liabilities	3.38	19.13	53.03
Equity	-	-	-
Equity share capital	43.92	44.91	89.81
Other equity	979.55	1,117.63	1,239.61
Total Liabilities and Equity	**2,757.76**	**3,353.87**	**4,123.18**

Consolidated Summary Statement of Income

For the year ending 31 March	**2022**	**2023**	**2024**
	(All amount in Rs. in Crore, except for share data unless stated otherwise)		
Particular			
Revenue from operations			
Interest Income	392.22	465.02	588.98
Dividend Income	-	0.01	0.01
Rental Income	-	-	-
Fees and commission Income	-	8.16	62.42
Net gain on fair value changes	-	-	0.96
Net gain on derecognition of financial instruments under amortised cost category	-	-	-
Sale of products (including Excise Duty)	-	-	-
Sale of services	-	-	-
Others	-	-	6.38
Total revenue from operations	**392.22**	**473.19**	**658.75**
Other income	-	-	-
Total Income	**392.22**	**473.19**	**658.75**
Expenses			
Finance Costs	184.11	208.67	270.07
Fees and commission expense	-	-	-
Net loss on fair value changes	-	0.49	-
Net loss on derecognition of financial instruments under amortised cost category	-	-	-
Impairment on financial instruments	54.64	53.90	11.78
Cost of materials consumed	-	-	-
Purchases of Stock-in-trade	-	-	-
Changes in Inventories of finished goods, stock-in-trade and work-in- progress	-	-	-
Employee Benefits Expense	25.75	34.67	49.03
Depreciation, amortization and impairment	3.23	3.29	3.40
Other expenses	17.33	41.40	83.76
Total Expenses	**285.07**	**342.42**	**418.04**
Profit before exceptional items and tax	**107.15**	**130.77**	**240.71**
Exceptional items	0.03	4.53	(0.48)
Profit before tax	**107.12**	**126.24**	**241.18**
Tax Expense:			
(1) Current tax	26.83	35.86	70.28
(2) Deferred Tax	1.04	(3.24)	(8.07)
Profit for the period from continuing operations	**79.25**	**93.62**	**178.97**
Profit/(loss) from discontinued operations	-	-	-
Tax Expense of discontinued operations	-	-	-
Profit/(loss) from discontinued operations (After tax)	-	-	-

Profit for the Year	**79.25**	**93.62**	**178.97**
Other Comprehensive (loss)/Income	-	-	-
Total Comprehensive Income for the Year	**79.25**	**93.62**	**178.97**
Earnings per equity share			
Basic (Rs)	**1.87**	**2.10**	**3.87**
Diluted (Rs)	**1.87**	**2.10**	**3.87**

Consolidated Summary Cash Flow Statement

For the year ending 31 March	**2022**	**2023**	**2024**
	(All amount in Rs. in Crore, except for share data unless stated otherwise)		
A Net Cash flows from/(used in) operating activities	(396.38)	(452.17)	(569.75)
B Net Cash flows from/(used in) investing activities	(3.08)	(5.07)	2.60
C Net Cash flows (used in)/from financing activities	362.03	476.01	552.61
D Net (Decrease)/Increase in cash and cash equivalents (A + B + C)	**(37.44)**	**18.77**	**(14.53)**
E Cash and cash equivalents at the beginning of the year	47.78	10.34	29.11
F Cash and cash equivalents at the end of the year (D + E)	**10.34**	**29.11**	**14.58**

Consolidated six months ended 30 September

	2024	**2023**
	(All amount in Rs. in Crore, except for share data unless stated otherwise)	
Particular		
Revenue from operations		
Interest Income	332.63	259.93
Dividend Income	-	0.01
Rental Income	-	-
Fees and commission Income	39.15	13.99
Net gain on fair value changes	1.81	0.55
Net gain on derecognition of financial instruments under amortised cost category	-	-
Sale of products (including Excise Duty)	-	-
Sale of services	-	-
Others	-	6.38
Total revenue from operations	**373.58**	**280.87**
Other income	-	-
Total Income	**373.58**	**280.87**
Expenses		
Finance Costs	160.40	119.93
Fees and commission expense	-	-
Net loss on fair value changes	-	-
Net loss on derecognition of financial instruments under amortised cost category	-	-
Impairment on financial instruments	20.27	(15.00)
Cost of materials consumed	-	-
Purchases of Stock-in-trade	-	-

Changes in Inventories of finished goods, stock-in-trade and work-in- progress	-	-
Employee Benefits Expense	27.17	21.82
Depreciation, amortization and impairment	2.00	1.62
Other expenses	40.79	36.93
Total Expenses	**250.64**	**165.29**
Profit before exceptional items and tax	**122.94**	**115.58**
Exceptional items	-	-
Profit before tax	**122.94**	**115.58**
Tax Expense:		
(1) Current tax expense	25.14	34.42
(2) Deferred Tax	6.40	(4.74)
Profit for the period from continuing operations	**91.40**	**85.90**
Profit/(loss) from discontinued operations	-	-
Tax Expense of discontinued operations	-	-
Profit/(loss) from discontinued operations (After tax)	-	-
Profit for the Period	**91.40**	**85.90**
Other Comprehensive income/(loss) (Net of tax)	-	-
Total Comprehensive Income for the Period	**91.40**	**85.90**
Earnings per share (EPS)		
Basic (Amount in Rs)	**1.02**	**1.91**
Diluted (Amount in Rs)	**1.02**	**1.91**

Standalone Summary of Balance Sheet

As at 31 March	**2022**	**2023**	**2024**
	(All amount in Rs. in Crore, except for share data unless stated otherwise)		
Particulars			
Assets			
Cash and cash equivalents	9.11	25.59	10.77
Bank balance other than Cash and cash equivalents	0.45	2.66	2.79
Derivative financial instruments	-	-	-
Receivables	-	-	-
(i) Trade Receivables	27.88	9.38	11.90
(ii) Other Receivables	-	-	-
Loans	2,320.39	2,789.50	3,673.42
Investments	67.92	67.43	62.28
Other Financial Assets	51.59	68.74	58.05
Non-Financial Assets	-	-	-
Current tax assets (net)	7.56	7.10	9.16
Deferred tax assts (net)	-	0.66	8.64
Investment Property	-	-	-
Biological Assets other than Bearer plants	-	-	-
Property, plant and equipment	62.41	65.56	66.10
Capital Work-in-Progress	-	-	-
Intangible Assets under development	-	-	-
Goodwill	0.11	-	-
Other Intangible assets	1.10	0.71	0.33
Other Non-Financial Assets	0.74	-	-
Total Assets	**2,549.26**	**3,037.32**	**3,903.44**
Liabilities and Equity			
Liabilities			
Financial Liabilities			
Derivative financial instruments	-	-	-

Payables			
(I) Trade Payable			
(i) total outstanding dues of micro enterprises and small enterprises	0.08	0.11	2.66
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	9.74	1.42	12.77
(II) Other Payables	-	-	-
(i) total outstanding dues of micro enterprises and small enterprises	-	-	-
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	4.53	9.52	10.92
Debt Securities	323.31	327.08	538.43
Borrowings (Other than Debt Securities)	1,069.04	1,401.73	1,828.13
Deposits	-	-	-
Subordinated liabilities	89.00	89.00	89.00
Other Financial Liabilities	2.51	4.43	9.88
Non Financial liabilities	-	-	-
Current tax liabilities (net)	-	-	-
Provisions	32.54	34.90	44.04
Deferred tax liabilities (net)	2.62	-	-
Other Non-Financial Liabilities	3.27	18.94	52.90
Equity	-	-	-
Equity share capital	43.92	44.91	89.81
Other equity	968.69	1,105.28	1,224.91
Total Liabilities and Equity	**2,549.26**	**3,037.32**	**3,903.44**

Standalone Summary Statement of Income

For the year ending 31 March	**2022**	**2023**	**2024**
	(All amount in Rs. in Crore, except for share data unless stated otherwise)		
Particular			
Revenue from operations			
Interest Income	356.40	414.85	535.36
Dividend Income	-	0.01	0.01
Rental Income	-	-	-
Fees and commission Income	-	8.11	62.34
Net gain on fair value changes	-	-	0.96
Net gain on derecognition of financial instruments under amortised cost category	-	-	-
Sale of products (including Excise Duty)	-	-	-
Sale of services	-	-	-
Others	-	-	6.38
Total revenue from operations	**356.40**	**422.97**	**605.04**
Other income	-	-	-
Total Income	**356.40**	**422.97**	**605.04**
Expenses			
Finance Costs	166.79	180.35	239.82
Fees and commission expense	-	-	-
Net loss on fair value changes	-	0.49	-
Net loss on derecognition of financial instruments under amortised cost category	-	-	-
Impairment on financial instruments	39.54	44.54	2.47
Cost of materials consumed	-	-	-
Purchases of Stock-in-trade	-	-	-
Changes in Inventories of finished goods, stock-in-trade and work-in- progress	-	-	-
Employee Benefits Expense	23.78	32.71	47.01

Depreciation, amortization and impairment	3.23	3.29	3.40
Other expenses	16.67	33.17	74.39
Total Expenses	**250.01**	**294.55**	**367.09**
Profit before exceptional items and tax	**106.39**	**128.42**	**237.95**
Exceptional items	0.00	4.59	(0.58)
Profit before tax	**106.39**	**123.83**	**238.53**
Tax Expense:			
(1) Current tax	26.72	35.42	69.50
(2) Deferred Tax	0.96	(3.29)	(7.98)
Profit for the period from continuing operations	**78.71**	**91.69**	**177.02**
Profit/(loss) from discontinued operations	-	-	-
Tax Expense of discontinued operations	-	-	-
Profit/(loss) from discontinued operations (After tax)	-	-	-
Profit for the Year	**78.71**	**91.69**	**177.02**
Other Comprehensive (loss)/Income	-	-	-
Total Comprehensive Income for the Year	**78.71**	**91.69**	**177.02**
Earnings per equity share			
Basic (Rs)	**1.86**	**2.06**	**3.83**
Diluted (Rs)	**1.86**	**2.06**	**3.83**

Standalone Summary Cash Flow Statement

For the year ending 31 March	**2022**	**2023**	**2024**
	(All amount in Rs. in Crore, except for share data unless stated otherwise)		
A Net Cash flows from/(used in) operating activities	(337.21)	(347.48)	(669.45)
B Net Cash flows from/(used in) investing activities	(3.08)	(5.07)	2.60
C Net Cash flows (used in)/from financing activities	303.03	371.23	652.16
D Net (Decrease)/Increase in cash and cash equivalents (A + B + C)	**-37.26**	**18.69**	**-14.68**
E Cash and cash equivalents at the beginning of the year	46.82	9.56	28.25
F Cash and cash equivalents at the end of the year (D + E)	**9.56**	**28.25**	**13.56**

Standalone six months ended 30 September

	2024	**2023**
	(All amount in Rs. in Crore, except for share data unless stated otherwise)	
Particular		
Revenue from operations		
Interest Income	310.44	231.03
Dividend Income	-	0.01
Rental Income	-	-
Fees and commission Income	39.11	13.97
Net gain on fair value changes	1.81	0.55
Net gain on derecognition of financial instruments under amortised cost category	-	-

Sale of products (including Excise Duty)	-	-
Sale of services	-	-
Others	-	6.38
Total revenue from operations	**351.36**	**251.95**
Other income	-	-
Total Income	**351.36**	**251.95**
Expenses		
Finance Costs	150.13	102.92
Fees and commission expense	-	-
Net loss on fair value changes	-	-
Net loss on derecognition of financial instruments under amortised cost category	-	-
Impairment on financial instruments	15.15	(21.74)
Cost of materials consumed	-	-
Purchases of Stock-in-trade	-	-
Changes in Inventories of finished goods, stock-in-trade and work-in- progress	-	-
Employee Benefits Expense	26.15	20.93
Depreciation, amortization and impairment	2.00	1.61
Other expenses	36.04	33.82
Total Expenses	**229.47**	**137.55**
Profit before exceptional items and tax	**121.89**	**114.40**
Exceptional items	-	-
Profit before tax	**121.89**	**114.40**
Tax Expense:		
(1) Current tax expense	24.83	34.08
(2) Deferred Tax	6.45	(4.69)
Profit for the period from continuing operations	**90.61**	**85.01**
Profit/(loss) from discontinued operations	-	-
Tax Expense of discontinued operations	-	-
Profit/(loss) from discontinued operations (After tax)	-	-
Profit for the Period	**90.61**	**85.01**
Other Comprehensive income/(loss) (Net of tax)	-	-
Total Comprehensive Income for the Period	**90.61**	**85.01**
Earnings per share (EPS)		
Basic (Amount in Rs)	**1.01**	**1.89**
Diluted (Amount in Rs)	**1.01**	**1.89**

SELECTED STATISTICAL INFORMATION

The following information should be read together with our financial statements included in this Offering Circular and the sections titled "Business" and "Risk Factors" to the extent that our financial information and financial condition are discussed in those sections. Unless stated otherwise, all computations for Fiscal Years 2024 and 2023 presented below have been derived from our audited consolidated financial statements which has been prepared in accordance with Ind AS in respect of Fiscal Years 2024 and 2023. All financial information for Fiscal Year 2022 has been derived from the comparative financial information presented in the audited consolidated financial statements as of and for Fiscal Year 2023. Footnotes appear at the end of each related section of tables. Financial information for the 30 September 2024 has been derived from the Unaudited Consolidated Financial Statements for six months ended 30 September 2024. Our consolidated financial information as at and for the six months ended 30 September 2024 should not be compared with our consolidated financial information as of and for the years ended 31 March 2022, 2023 and 2024.

The average balance sheet numbers for the Fiscal Years ended 31 March 2022, 2023 and 2024 are based on the average of the opening and closing balances outstanding during those years. The sub-sections titled "– Average Balance Sheet", "– Yields, Spreads and Margins", "– Return on Equity and Assets", "– Cost of Funds", and "– Borrowings" in this section should be read accordingly.

Average Balance Sheet

The table below present the average balances for income-earning assets and interest-bearing liabilities together with the related income and expense amounts, resulting in the presentation of the average yields and cost for each year indicated. The average balance is the average of opening and closing balances outstanding for the year. The average yield on average income-earning assets is the ratio of income on income earning assets to average income-earning assets for the year. The average cost on average interest-bearing liabilities is the ratio of finance cost to average interest-bearing liabilities for the year. The average balances of loans include NPAs and are net of provision for credit losses.

Consolidated												
												(in Rs. millions, except percentages)
Particulars	**As at and for the Fiscal Years ended 31 March ended**									**As at and for the Six months ended 30 September**		
	2022			**2023**			**2024**			**2024**		
	Average Balance	**Income/ Expense**	**Average yield/ cost**	**Average Balance**	**Income/ Expense**	**Average yield/ cost**	**Average Balance**	**Income/ Expense**	**Average yield/ cost**	**Average Balance**	**Income/ Expense**	**Average yield/ cost**
Income-earning assets:												
Advances	23553.07	3917.38	16.63	28708.31	4700.58	16.37	35447.17	6254.37	17.64	39809.84	3645.56	18.31
Investments (Shares)	247.91	-	-	254.33	0.08	0.03	226.12	9.68	4.28	209.42	18.07	17.26
Others (FDR & SR)	416.64	3.68	0.88	583.69	1.45	0.25	603.76	66.35	10.99	388.59	0.45	0.23
Total income-earning assets	24217.62	3921.06	16.19	29546.33	4702.11	15.91	36277.05	6330.40	17.45	40407.85	3664.08	35.80
Non-income earning assets:												
Fixed assets	639.47			649.50			663.60			664.59		
Other assets	282.68			362.34			444.65			1113.75		
Total Non-income earning assets	**922.15**			1011.84			1108.25			1778.34		
Total assets	**25139.77**			30558.17			37385.30			42520.04		
Interest-bearing liabilities:												
Borrowings	14987.62	1841.07	12.28	18965.72	2086.70	11.00	23862.93	2700.73	11.32	27379.52	1604.01	11.72
Total interest-bearing liabilities	14987.62			18965.72			23862.93			27379.52		
Non-interest bearing liabilities												
Equity	9442.48			10930.01			12459.77			13750		
Other liabilities	709.67			662.44			1062.60			1390.51		
Total non- interest bearing liabilities	**10152.15**			11592.45			13522.37			15140.51		
Total liabilities	**25139.77**			30558.17			37385.30			42520.04		

Yields, Spreads and Margins

The following table sets forth, the yields, spreads and interest margins on the Group's interest-earning assets for the periods indicated.

Consolidated				
				(in Rs. millions, except percentages)
	For the Fiscal Years ended 31 March			For the six months ended 30 September
Particulars	**2022**	**2023**	**2024**	**2024**
Interest income and net gain on derecognition of financial instruments under amortised cost category				
Finance costs	1841.07	2086.70	2700.73	1604.01
Average income-earning assets	24217.62	29546.33	36277.05	40407.85
Average interest-bearing liabilities[(1)]	14987.62	18965.72	23862.93	27379.52
Average total assets[(2)]	25139.77	30558.17	37385.30	42520.04
Average income-earning assets as a percentage of average total assets	96.33	96.69	97.04	95.03
Average interest-bearing liabilities as a percentage of average total assets	59.62	62.06	63.83	64.39
Average income-earning assets as a percentage of average interest-bearing liabilities	161.58	155.79	152.02	147.58
Yield[(3)]	16.19	15.91	17.45	18.14
Cost of funds[(4)]	12.28	11.00	11.32	11.72
Spread[(5)]	3.91	4.91	6.13	6.42
Dividend payout ratio[(6)]	10%	10%	10%	10%
Cost to average assets[(7)]	3.95	4.30	3.90	4.15

Notes:

(1) Average interest-bearing liabilities = (Opening Balance of total borrowings + Closing Balance of total borrowings)/2

(2) Average total assets = (Opening Balance of total assets + Closing Balance of total assets)/2

(3) Yield refers to revenue from income bearing assets for the period divided by average income bearing assets.

(4) Cost of funds refers to finance costs for the period divided by average interest-bearing liabilities. Average interest rate during the period provided here is the mathematical ratio of finance costs on borrowings during the period to the average balances of total borrowings. Apart from pure interest expense, the numerator includes other expenses such as securitization expenses, mark to market losses on derivatives etc, processing fees and other fees paid by the Company and interest on lease liability. As a result, the calculated average interest rate is seen higher. Further, the denominator is a straight line average and is not a true borrowing average for the period. As a result of these factors, the calculated average interest rate is seen higher than the actual average interest rate.

(5) Spread refers to difference between yield and cost of funds.

(6) Dividend payout ratio refers to ratio of total dividend to profits after tax and before minority interest.

(7) Cost to average assets ratio refers to the ratio of total expenses, before finance costs, expenditure on corporate social responsibility and donation to average total assets

Average interest-bearing liabilities and Average total assets is a Non-GAAP Financial Measure. We compute and disclose such Non-GAAP Financial Measures as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

Return on Equity and Assets

The following table present certain selected financial ratios for the periods indicated.

Consolidated				
				(in Rs. millions, except percentages)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Average total assets[(1)]	25139.77	30558.17	37385.30	42520.04
Average shareholders' equity	9442.48	10930.01	12459.77	13750.00
Profit before tax	1071.22	1262.37	2411.84	1229.40
Net Profit after Taxes, Minority Interest and Share of Profit of Associate	792.51	936.19	1789.73	914.05
Return on equity[(2)]	8.39	8.57	14.36	13.30
Return on average asset (before tax)[(3)]	4.26	4.13	6.45	5.78
Return on average asset (after tax)[(4)]	3.15	3.06	4.79	4.30
Average shareholders' equity as a percentage of average total assets	37.56	35.77	33.33	32.34

Notes:

(1) Average total assets = (Opening Balance of total assets + Closing Balance of total assets)/2.

(2) Return on equity is calculated by dividing the net profit after tax for the period by average net worth for the period.

(3) Return on average asset (before tax) is calculated by dividing the profit before tax for the period by the average total assets for the period.

(4) Return on average asset (after tax) is calculated by dividing the profit after tax for the period by the average total assets for the period.

Average total assets is a Non-GAAP Financial Measure. We compute and disclose such Non-GAAP Financial Measures as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their

financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

Interest Coverage Ratio

The following table presents our interest coverage ratios for the periods indicated.

Consolidated				
				(in Rs. millions, except percentages)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
(i) Profit before tax	1071.22	1262.37	2411.84	1229.40
(ii) Non cash expenses				
Depreciation, amortisation and impairment	32.34	32.91	34.00	20.05
Impairment on financial instruments	546.40	539.01	117.79	202.72
Bad debt recovery	236.23	286.01	408.14	126.02
Non cash expenses (ii)	814.97	857.93	559.93	348.79
(iii) Interest cost[(1)]	1841.07	2086.70	2700.73	1604.01
(iv) Total ((i)+(ii)+(iii))	3727.26	4207.00	5672.50	3182.20
(v) Interest Coverage Ratio ((iv)/(iii))	2.02	2.02	2.10	1.98

Note:

(1) Interest Cost = Interest on Debt Securities + Interest on Borrowings (other than debt securities) + Interest on Subordinated Liabilities + Other Interest Expenses.

Investment Portfolio

The following table sets forth, as at the dates indicated, certain information related to our investments.

Consolidated				
				(in Rs. millions, except percentages)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Investments in Government Securities	-	-	-	-
Investment in Shares[(1)]	256.80	251.86	200.38	214.39
Investments in Mutual Funds and Debt Funds	-	-	-	-
Investment in Debt Securities and Commercial papers	-	-	-	-
Total				

Note:

(1) Investment in Shares includes Investment in Equity Instruments and Investment in Associates.

Borrowings

The following table sets forth, for the periods indicated, information related to our borrowings, which are primarily comprised of loans from banks and non-convertible debentures.

Consolidated				
				(in Rs. millions, except percentages)
	For the Fiscal Years ended 31 March			For the six months ended 30 September
Particulars	**2022**	**2023**	**2024**	**2024**
Total Borrowings[(1)]	16759.55	21171.88	26553.97	28205.08
Average outstanding balance of total borrowings[(2)]	14987.62	18965.72	23862.93	27379.52
Finance costs	1841.07	2086.70	2700.73	1604.01
Average interest rate during the period[(3)]	12.28	11.00	11.32	11.72

Notes:

(1) Total Borrowings = Debt Securities + Borrowings (other than debt securities) + Subordinated Liabilities.

(2) Average outstanding balance of total borrowings = (Opening Balance of total borrowings + Closing Balance of total borrowings)/2.

(3) Average interest rate during the period represents the ratio of finance costs on borrowings during the period to the average balances of total borrowings.

Average outstanding balance of total borrowings is a Non-GAAP Financial Measure. We compute and disclose such Non-GAAP Financial Measures as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of financial services businesses, many of which provide such Non-GAAP Financial Measures and other statistical and operational information when reporting their financial results. However, note that these non-GAAP financial measures and other statistical information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and statistical information of similar nomenclature that may be computed and presented by other financial services companies.

Subordinated Debt

We obtain funds from the issuances of non-convertible subordinated debt securities, which qualify as Tier II capital under the RBI guidelines for assessing capital adequacy. As at 30 September 2024, our outstanding subordinated debt on consolidated basis aggregated to Rs.80.00 million.

The following table sets forth information with respect to subordinated debt issued by us as at the dates set forth below.

ISIN No.	Series	Amount (Rs. Million)	Start Date	Maturity Date	Terms of Redemption
NA	PDL 2020-1	60.00	30-01-2020	29-01-2026	Payment on Maturity date at par
NA	PDL 2020-2	10.00	13-02-2020	12-02-2026	Payment on Maturity date at par
NA	PDL-12-2020	10.00	04-12-2020	03-12-2030	Payment on Maturity date at par
Total		**80.00**			

Loan Portfolio

As at 31 March 2022, 2023, 2024 and 30 Sep 2024, our consolidated AUM was Rs.27161.96 million, Rs.35704.32 million, Rs.45860.30 million and Rs. 45352.38 million, respectively. As at 31 March 2022, 2023 and 2024, substantially all of the Group's loans under its AUM were to borrowers in India and were denominated in Indian Rupees.

The following table sets forth, for the periods indicated, the Group's AUM classified by loan types.

Consolidated						
					(in Rs. millions, except percentages)	
	As at 31 March					
	2022		**2023**		**2024**	
	Loans	**% of total AUM**	**Loans**	**% of total AUM**	**Loans**	**% of total AUM**
Secured Loans	24968.18	91.92	30401.50	85.15	36090.50	78.70
Unsecured Loans	2193.78	8.08	5302.82	14.85	9769.80	21.30
Total	**27161.96**	100.00	35704.32	100.00	45860.30	100.00

Concentration of Products

The following table sets forth, as at the dates indicated, our fund-based loans outstanding (including accrued interest thereon) categorised by product type in accordance with the prudential norms of RBI.

Consolidated			
			(in Rs. millions, except percentages)
	2022	**2023**	**2024**
Small Income Generation Loan	2193.78	5353.32	10157.19
MSME / Business Loan	24968.18	30351.00	35703.11
Total	**27161.96**	35704.32	45860.30

Non-Performing Assets

As at 30 Sep 2024, our gross NPAs as a percentage of our consolidated AUM was 0.72 per cent. and our net NPAs as a percentage of our consolidated AUM was 0.51 per cent. As at 30 Sep 2024, we have an impairment loss allowance amounting to Rs.28.29 million on a consolidated basis, representing 8.61 per cent. of our consolidated NPAs, which comprised Rs. 25.92 million as provision for our consolidated NPAs and Rs. 2.37 million as provision for our standard assets.

The following table sets forth, for the periods indicated, information about our NPA portfolio.

Consolidated				
				(in Rs. millions, except percentages)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Opening balance at the beginning of the year	139.46	356.93	69.63	76.53
Increase/(decrease) in NPAs during the year/period	217.47	(287.31)	6.90	251.91
Gross NPAs at the end of the year/period	356.93	69.62	76.53	328.44
Net NPAs[(1)]	295.61	5.55	6.18	232.17
AUM	27161.96	35704.32	45860.30	45352.38
Net loans	27161.96	35704.32	45860.30	45352.38

Gross NPAs as a percentage of AUM	1.31	0.19	0.17	0.72
Net NPAs as a percentage of AUM	1.09	0.02	0.01	0.51
Total provisions as a percentage of gross NPAs	17.18	92.03	91.92	29.31
Net gearing ratio[(2)]	1.60	1.78	1.97	1.81

Notes:

(1) Net NPAs reflect the Group's gross NPAs less provisions for ECL on NPAs.

(2) Net gearing ratio refers to borrowings, including temporary overdrawn balances less investment valued at fair value through profit or loss account and cash and cash equivalents (as per balance sheet) at the end of the period divided by the net worth (without netting off goodwill) at the end of the period.

Recognition of Non-Performing Assets

NPAs are recognised as per the RBI guidelines for the Issuer and its subsidiaries. The NPAs are classified into various categories as follows:

(i) NPA for a period not exceeding 12 months/18 months:	Substandard asset;
(ii) NPA exceeding 12 months/18 months:	Doubtful asset; and
(iii) An asset which has been identified as loss asset by the company or its internal or external auditors or by the RBI, to the extent it is not written off by the company:	Loss asset

The following table is a summary of the risk classification of the Group's consolidated gross NPAs as per the RBI guidelines in relation to the Issuer and as per the RBI guidelines in relation to the Issuer's subsidiaries (in absolute terms and as a percentage of its consolidated gross NPAs):

Consolidated						
					(in Rs. millions, except percentages)	
	As at 31 March					
	2022		**2023**		**2024**	
Non-Performing Assets	**Amount (in Rs. millions)**	**% of total NPA**	**Amount (in Rs. millions)**	**% of total NPA**	**Amount (in Rs. millions)**	**% of total NPA**
MSME/Business Loan						
Substandard assets	287.30	80.49	-	-	6.90	9.02
Doubtful assets	69.63	19.51	69.63	100.00	69.63	90.98
Total Product 1 loans (A)	**356.93**	**100.00**	**69.63**	**100.00**	**76.53**	**100.00**
Small Income Generation Loan						
Substandard assets	-	-	-	-	-	-
Doubtful assets	-	-	-	-	-	-
Total Product 2 loans (B)	-	-	-	-	-	-
Total loan (A+B)	**356.93**	**100.00**	**69.63**	**100.00**	**76.53**	**100.00**

The following table sets forth details of the Group's non-performing loans and defaulting loans as at 31 March 2022, 2023 and 2024 and 30 September 2024:

Consolidated		
		(in Rs. millions, except percentages)
	For the Fiscal Years ended 31 March	**For the six months ended 30 September**

Particulars	2022	2023	2024	2024
Gross NPAs	356.93	69.62	76.53	328.44
AUM	27161.96	35704.32	45860.30	45352.38
Gross NPAs as a percentage of AUM	1.31	0.19	0.17	0.72
Provision for NPAs	61.32	64.07	70.35	96.27
Provision for NPAs as a percentage of gross NPAs	17.18	92.03	91.92	29.31
Net NPAs	295.61	5.55	6.18	232.17
Net NPAs as a percentage of AUM	1.09	0.02	0.01	0.51

The following table sets forth details of the Issuer's standalone non-performing loans as at 30 September 2024:

	Standalone
Particulars	As at 30 September 2024
Gross NPAs	328.44
Net NPAs[(1)]	232.17

Note:

(1) Net NPAs reflect the Group's gross NPAs less ECL provisions for NPAs.

Non-Accrual Policy

When an asset is classified as non-performing, interest accrual thereon is stopped and the unrealised interest is reversed by a debit to the Issuer's statement of profit and loss. In accordance with the RBI guidelines, interest realised on NPAs may be credited as income, provided that the interest does not relate to additional credit facilities sanctioned to the borrower. The RBI has also stipulated that in the absence of a clear agreement with the borrower for the purpose of appropriating recoveries in NPAs (i.e., towards principal or interest due), banks should adopt an accounting principle and exercise the right of appropriation of recoveries in a uniform and consistent manner. In the case of NPAs where recoveries are effected, the Issuer's policy is to appropriate the same against interest. If any of a borrower's loans are classified as an NPA, all loans to such borrower are classified as NPAs.

Provisions on Standard Assets

In accordance with the RBI Directions, the Issuer makes a general provision on standard assets (i) at the rate of 2 per cent. on housing loans disbursed at comparatively lower rate of interest in the initial few years, after which rates are reset at higher rates; (ii) at the rate of 0.75 per cent. of the standard assets in respect of commercial real estates (residential housing); (iii) at the rate of 1.00 per cent. of standard assets in respect of other commercial real estates and (iv) at the rate of 0.40 per cent. of the total outstanding amount of loans which are standard assets other than (i), (ii) and (iii) above.

NPA Strategy

The Issuer relies on the SARFAESI Act to enforce security charged to it in the case of defaulting borrowers as well to take appropriate portfolio intervention such as the sale of non-performing loans to specialised asset reconstruction companies. The Issuer has also restructured loans to customers who have faced cash flow problems causing delay or default in servicing their loan obligations. As of 30 September 2024, the Issuer has restructured 0% of its loan assets.

Capital Adequacy

The following table summarises certain key financial data and ratios as at and for the Fiscal Years 2022, 2023 and 2024 and as at and for the six months ended 30 Sep 2024.

Consolidated (unless otherwise stated)				
				(in Rs. millions, except percentages)
	As at and for the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
CRAR (%)[(1)] (on a standalone basis)	42.92	40.34	35.92	35.76
CRAR – Tier I capital (%) (on a standalone basis)	37.73	36.49	32.77	34.58
CRAR – Tier II Capital (on a standalone basis)	5.19	3.85	3.15	1.18
Total Borrowings[(2)]	16759.55	21171.88	26553.97	28205.08
Cash and cash equivalents (as per the cash flow statement)	91.36	256.32	109.19	2213.71
Net worth[(3)]	10233.58	11625.38	13294.17	14205.84
Investments	256.80	251.86	200.38	218.46
Debt to equity ratio[(4)]	1.63	1.80	1.99	1.83

Notes:

(1) CRAR is defined as a capital ratio consisting of Tier I and Tier II Capital to its aggregated risk weighted assets (as per the RBI Regulations) and risk adjusted value of off-balance sheet items.

(2) Borrowings = Debt Securities + Borrowings (other than Debt Securities) + Subordinated liabilities.

(3) Net worth = Equity share capital + Other equity – Goodwill.

(4) Debt to equity ratio refers to total borrowings less cash and cash equivalents at the end of the period divided by the net worth at the end of the period.

(5) Not available as of the mentioned date.

Funding Sources

The Issuer strives to maintain diverse sources of funds in order to reduce its costs of funding, to maintain adequate interest margins and to achieve liquidity goals. The following table sets out the Issuer's sources of funding – Total Borrowings as at 31 March 2022, 2023 and 2024 and as at 30 September 2024.

Consolidated				
				(in Rs. millions, except percentages)
	As at 31 March			**As at 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Debt Securities	3747.09	3999.79	6046.28	6628.08
Borrowings (other than Debt Securities)	12122.47	16282.09	19617.69	21497.00
Subordinated liabilities	890.00	890.00	890.00	80.00
Total Borrowings	16759.56	21171.88	26553.97	28205.08

The Issuer also sells down parts of its portfolio through the securitisation and direct assignment of loan receivables to various banks, insurance companies and other financial institutions, which is another source of liquidity for it. As at 31 March 2022, 2023 and 2024 and 30 September 2024, the size of the Group's loan and other credit facilities which was securitised and/or directly assigned was Rs.497.13

million, Rs.120.08 million, Rs.0 million and Rs.0 million of the Group's consolidated AUM, representing 1.83 per cent., 0.34 per cent., 0 per cent. and 0 per cent., respectively of its consolidated AUM.

Cost of Funds

The table below sets forth the amount and cost of funds.

Consolidated				
				(in Rs. millions, except percentages)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Funding Source	**2022**	**2023**	**2024**	**2024**
Banks & financial institutions	10509.60	14293.42	18473.10	20333.42
Capital Markets – NCDs/CPs	4637.09	4889.78	6936.28	6708.08
Others- liability - ICDs	1612.87	1988.68	1144.59	1163.58
Total Borrowings	**16759.56**	**21171.88**	**26553.97**	**28205.08**
Finance Cost	**1841.07**	**2086.70**	**2700.73**	**1604.01**
Cost of funds[(1)]	10.99	9.86	10.17	11.37

Notes:

(1) Cost of funds refers to finance costs for the period divided by average interest-bearing liabilities. Average interest rate during the period provided here is the mathematical ratio of finance costs on borrowings during the period to the average balances of total borrowings. Apart from pure interest expense, the numerator includes other expenses such as securitization expenses, mark to market losses on derivatives etc, processing fees and other fees paid by the Company and interest on lease liability. As a result, the calculated average interest rate is seen higher. Further, the denominator is a straight line average and is not a true borrowing average for the period. As a result of these factors, the calculated average interest rate is seen higher than the actual average interest rate.

Asset-Liability Gap Management

The following table sets forth the asset-liability gap position for the Issuer's operations on a standalone basis as at 31 March 2022, 2023 and 2024 in accordance with the prudential norms of RBI.

	As at 31 March	**Over 6 months to 1 year**	**Over 3 months to 6 months**	**Over 2 months to 3 months**	**Over One month to 2 months**	**1 day to 30/31 days (1 month)**
Liabilities						
Borrowing from banks	2022	5108.30	238.33	199.04	54.58	57.05
	2023	4571.73	684.82	388.85	188.02	113.01
	2024	4557.46	953.11	506.80	274.47	150.26
Market borrowings	2022	790.21	-	-	162.30	21.19
	2023	901.63	-	-	-	510.79
	2024	210.00	921.79	-	291.99	291.99
Foreign Currency Liabilities	2022	-	-	-	-	-
	2023	-	-	-	-	-
	2024	-	-	-	-	-
Assets						
Advances	2022	5634.70	2834.31	943.06	1076.84	1026.02
	2023	6337.91	3085.17	1044.74	1053.84	1079.98
	2024	7889.04	4605.83	1457.60	1673.50	1622.85
Investments	2022	-	-	-	-	-

	2023	-	-	-	-	-
	2024	-	-	-	-	-
Foreign Currency Assets	2022	-	-	-	-	-
	2023	-	-	-	-	-
	2024	-	-	-	-	-
Cumulative gap (assets liability)	2022	4883.93	5147.74	2551.76	1807.74	947.78
	2023	5242.79	4378.24	1977.89	1322.00	456.18
	2024	9090.95	5969.37	3238.44	2287.64	1180.60

In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission.

	As at 31 March	**Over 10 years**	**Over 7 to 10 years**	**Over 5 to 7 years**	**Over 3 to 5 years**	**Over 1 to 3 years**	**Grand Total**
Liabilities							
Borrowing from banks	2022	-	-	-	-	3930.70	9588.00
	2023	-	-	74.05	489.73	5996.52	12506.73
	2024	-	-	869.57	2361.64	7821.12	17494.43
Market borrowings	2022	-	-	280.00	2030.00	1941.82	5225.52
	2023	-	-	910.00	1730.00	1618.90	5671.32
	2024	-	-	2098.50	660.00	2586.88	7061.15
Foreign Currency Liabilities	2022	-	-	-	-	-	-
	2023	-	-	-	-	-	-
	2024	-	-	-	-	-	-
Assets							
Advances	2022	-	-	263.03	2799.20	8905.55	23482.71
	2023	-	-	191.41	5157.75	10037.98	27988.78
	2024	-	-	364.65	5345.02	13894.69	36853.18
Investments	2022	679.19	-	-	-	-	679.19
	2023	674.25	-	-	-	-	674.25
	2024	622.78	-	-	-	-	622.78
Foreign Currency Assets	2022	-	-	-	-	-	-
	2023	-	-	-	-	-	-
	2024	-	-	-	-	-	-
Cumulative gap (assets liability)	2022	9348.38	8669.19	8669.19	8686.16	7916.96	58628.83
	2023	10484.98	9810.73	9810.73	10603.37	7665.35	61752.26
	2024	12920.38	12297.60	12297.60	14901.02	12577.64	86761.24

In computing the above information certain estimates, assumptions and adjustments have been made by the Management for its regulatory submission.

Below are the Reconciliations of Non-GAAP Financial measures:

Consolidated		
		(in Rs. millions)
	For the Fiscal Years ended 31 March	**For the six months**

				ended 30 September
Net Worth	**2022**	**2023**	**2024**	**2024**
Equity Share capital (I)	439.18	449.08	898.11	898.11
Other Equity (II)	9795.47	11176.29	12396.06	13307.74
Less: Goodwill (III)	1.07	-	-	-
Net worth (I+II+III)	10233.58	11625.37	13294.17	14208.85
Assets Under Management				
Loans				
Total Term Loans	27193.17	35707.08	45866.57	45378.30
Less: Impairment loss allowance	31.21	2.76	6.27	25.92
Assets Under Management	27161.96	35704.32	45860.30	45352.38
(Total term Loans) (I)	27161.96	35704.32	45860.30	45352.38
Less: Loans Assigned/Co-lending partner stock (II)	1247.09	4202.56	6467.71	5125.29
Less: Trade Receivable (III)	280.67	97.51	122.49	163.98
Closing Balance (I-II-III)	25634.20	31404.25	39270.10	40063.11
Opening Balance	20874.39	25634.20	31404.25	39270.10
Average Balance ((Closing Balance + Opening Balance)/2)	23254.29	28519.22	35337.17	39666.61
Investments by the Company				
Investments (I)	256.80	251.86	200.39	218.46
Less: Associates (II)	-	-	-	-
Less: Investment in Equity Instruments at fair value through other comprehensive income (III)	-	-	-	-
Closing Balance (I-II-III)	256.80	251.86	200.39	218.46
Opening Balance	239.03	256.80	251.86	200.39
Average Balance ((Closing Balance + Opening Balance)/2)	247.91	254.32	226.12	209.43
Others				
Bank balance other than Cash and cash equivalents (I)	-	-	-	-
Cash and cash equivalents	-	-	-	-
Balance with banks-Bank Deposits (II)	62.07	214.80	36.58	38.83
Closing Balance (I+II)	62.07	214.80	36.58	38.83
Opening Balance	335.96	62.07	214.80	36.58
Average Balance ((Closing Balance + Opening Balance)/2)	199.01	138.43	125.69	37.71
Non Income Earning Assets				
Net Block				
Property, plant and equipment (I)	624.16	655.70	661.09	669.45
Other Intangible assets (II)	10.99	7.08	3.34	1.47
Closing Balance (I+II)	635.15	662.78	664.43	670.92
Opening Balance	641.66	635.15	662.78	664.43
Average Balance ((Closing Balance + Opening Balance)/2)	638.41	648.97	663.60	667.68
Other Assets				
Investment Associate (I)	-	-	-	

Investment in Equity Instruments at fair value through other comprehensive income (II)	-	-	-	
Other Long-term Loans and Advances				
Financial Assets				
Cash and cash equivalents				
Cash on hand (III)	25.22	7.98	71.51	30.36
In Current Accounts (IV)	16.13	68.33	37.67	2183.34
Derivative financial instruments (V)	-	-	-	-
Receivables				
Trade Receivables (VI)	280.67	97.51	122.49	163.98
Interest Accrued on Loans (VII)	-	-	-	-
Other Financial assets (VIII)	521.48	699.86	599.14	358.57
Non-financial Assets				
Current tax assets (net) (IX)	131.39	117.86	139.69	56.37
Deferred tax assets (net) (X)	-	5.06	85.79	21.83
Goodwill (XI)	1.07	-	-	-
Right-of-use assets (XII)	-	-	-	-
Non-current Assets Held for Sale (XIII)	-	-	-	-
Other non-financial assets (XIV)	13.43	8.47	4.07	2.47
Closing Balance (Total from I to XIV)	989.39	1005.07	1060.36	2816.92
Opening Balance	610.92	989.39	1005.07	1060.36
Average Balance ((Closing Balance + Opening Balance)/2)	800.15	997.23	1032.72	1938.64

Interest-Bearing Liabilities/Average Outstanding Balance of Total Borrowings

Consolidated				
				(in Rs. millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Debt Securities (I)	3747.09	3999.79	6046.28	6628.08
Borrowings (Other than Debt Securities) (II)	12122.47	16282.09	19617.69	21497.00
Subordinated Liabilities (III)	890.00	890.00	890.00	80.00
Closing Balance (I+II+III)	16759.56	21171.88	26553.97	28205.08
Opening Balance	13215.68	16759.56	21171.88	26553.97
Average Balance ((Closing Balance + Opening Balance)/2)	14987.62	18965.72	23862.93	27379.52
Non-Interest Bearing liabilities				
Equity				
Equity Share capital (I)	439.18	449.08	898.11	898.11
Other Equity (II)	9795.47	11176.29	12396.06	13307.74
Closing Balance (I+II)	10234.65	11625.37	13294.17	14205.85
Opening Balance	8650.32	10234.65	11625.37	13294.17
Average Balance ((Closing Balance + Opening Balance)/2)	9442.48	10930.01	12459.77	13750.00
Other Liabilities				
Derivative financial instruments (I)	-	-	-	-

Trade Payables (II)	151.05	131.43	292.38	402.35
Other financial liabilities (III)	25.15	44.31	98.78	249.38
Non-Financial Liabilities				
Current tax liabilities (net) (IV)	-	-	-	-
Provisions (V)	346.07	374.44	462.31	455.60
Other non-financial liabilities (VI)	61.14	191.30	530.25	289.99
Closing Balance (Total from I to VI)	583.41	741.48	1383.72	1397.32
Opening Balance	835.95	583.41	741.48	1383.72
Average Balance ((Closing Balance + Opening Balance)/2)	709.84	662.45	1062.60	1390.52

Income on Income-Earning Assets

Consolidated				
				(in Rs. millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Advances				
Interest on Loans	3917.38	4700.58	6254.37	3645.56
Net gain on derecognition of financial instruments under amortised cost category	-	-	-	
Investments				
Interest on Pass Through Certificates/Bonds	-	-	-	-
Dividend Income on Mutual Funds/Shares	-	0.08	0.12	-
Net gain/(loss) on fair value changes	-	-	9.56	18.07
Others				
Interest on deposits with Banks & from SR	3.68	1.45	66.35	0.45

Expense on Interest-Bearing Liabilities

Consolidated				
				(in Rs millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Borrowings	16759.56	21171.88	26553.97	28205.08
Finance Cost	1841.07	2086.70	2700.73	1604.01

Return on Equity

Consolidated				
				(in Rs millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Net profit after Taxes, Minority Interest and Share of Profit of Associate (A)	792.51	936.19	1789.73	914.05
Net worth				

Equity Share capital (I)	439.18	449.08	898.11	898.11
Other Equity (II)	9795.47	11176.29	12396.06	13307.74
Less: Goodwill (III)	1.07	-	-	-
Closing Balance (I+II-III)	10233.58	11625.37	13294.17	14205.85
Opening Balance	8649.25	10233.58	11625.37	13294.17
Average Balance ((Closing Balance + Opening Balance)/2)(B)	9441.42	10929.48	12459.77	13750.00
Return on Equity (A/B)	8.39	8.57	14.36	13.30

Average Total Assets

Consolidated				
				(in Rs millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Total Assets (I)				
Closing Balance (I)	27577.61	33538.75	41231.85	43808.23
Opening Balance	22701.95	27577.61	33538.75	41231.85
Average Balance ((Closing Balance + Opening Balance)/2)	25139.77	16769.37	37385.30	42520.04

Non-Financial Assets (excluding Property, Plant and Equipment, Other Intangible Assets and Goodwill)

Consolidated				
				(in Rs millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Current tax assets (net)	131.39	117.86	139.69	56.37
Deferred tax assets (net)	-	5.06	85.79	21.83
Right-of-use assets	-	-	-	-
Other Non-Financial Assets	13.43	8.47	4.07	2.47
Non-current Assets Held for Sale	-	-	-	-
Total	144.82	131.39	229.55	80.67

Financial Assets (excluding Cash and Cash Equivalents and Investments)

Consolidated				
				(in Rs millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Bank balance other than Cash and cash equivalents	12.06	34.79	36.57	38.83
Derivative financial instruments Receivables	-	-	-	-
Trade Receivables	280.67	97.51	122.49	163.98
Loans	25634.20	31404.25	39270.10	40063.10

Other financial assets	521.48	699.86	599.14	358.57
Total	26448.41	32236.41	40028.30	40624.48

Financial Liabilities (excluding Debt Securities, Borrowings (other than Debt Securities) and Subordinated liabilities)

Consolidated				
				(in Rs millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Derivative financial instruments	-	-	-	-
Payables				
(i) total outstanding dues of micro enterprises and small enterprises	0.77	1.13	26.56	46.99
(ii) total outstanding dues of creditors other than micro enterprises and small enterprises	150.28	130.30	265.82	355.36
Other financial liabilities	25.15	44.31	98.78	249.38
Total	176.20	175.74	391.16	651.73

Debt to Equity ratio

Consolidated				
				(in Rs millions)
	For the Fiscal Years ended 31 March			**For the For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Debt Securities (I)	3747.09	3999.79	6046.28	6628.08
Borrowings (Other than Debt Securities) (II)	12122.47	16282.09	19617.69	21497.00
Subordinated Liabilities (III)	890.00	890.00	890.00	80.00
Less: Cash and cash equivalents (IV)	91.36	256.32	109.19	2213.71
Debt (I+II+III-IV) (A)	16668.20	20915.56	26444.78	25991.37
Equity Share capital (V)	439.18	449.08	898.11	898.11
Other Equity (VI)	9795.47	11176.29	12396.06	13307.74
Less: Goodwill (VII)	1.07	-	-	-
Equity (V+VI-VII) (B)	10233.58	11625.37	13294.17	14205.85
Debt to Equity ratio (A/B)	1.63	1.80	1.99	1.83

Interest Cost

Consolidated				
				(in Rs millions)
	For the Fiscal Years ended 31 March			**For the six months ended 30 September**
Particulars	**2022**	**2023**	**2024**	**2024**
Interest Cost	1841.07	2086.70	2700.73	1604.01
Debt Securities	3747.09	3999.79	6046.28	6628.08
Borrowings (Other than Debt Securities)	12122.47	16282.09	19617.69	21497.00
Subordinated Liabilities	890.00	890.00	890.00	80.00
Other Interest Expenses	-	-	-	-
Total	18600.63	23258.58	29254.70	29809.09

RISK FACTORS

An investment in the Bonds and Shares involves a high degree of risk. You should carefully consider each of the following risk factors and all other information set forth in this Offering Circular, including the risks and uncertainties described below, before making an investment in the Bonds or the Shares. This section should be read together with "Industry Overview", "Business" as well as the financial statements, including the notes thereto, in the section titled "Financial Statements" in this Offering Circular.

The risks and uncertainties described below are not the only risks that we currently face. Additional risks and uncertainties not presently known to us, or that we currently believe to be immaterial, may also adversely affect our business, prospects, financial condition and results of operations and cash flow. If any or some combination of the following risks, or other risks that are not currently known or believed to be material, actually occur, our business, financial condition and results of operations and cash flow could suffer, the trading price of, and the value of your investment in, the Bonds or the Shares could decline and you may lose all or part of your investment. In making an investment decision you must rely on your own examination of us and the terms of this Issue, including the merits and risks involved.

This Offering Circular also contains forward-looking statements that involve risks and uncertainties. Our results could differ materially from such forward-looking statements as a result of certain factors including the considerations described below and elsewhere in this Offering Circular.

Certain information in this section includes extracts from the GT Bharat Industry Outlook Report. Neither our Company, the Lead Manager, the Trustee, the Agents nor any other person connected with the Issue has independently verified such industry and third-party information. For more information, please see "Industry Overview".

RISKS RELATING TO OUR BUSINESS

We operate in a highly regulated industry and changes in the laws, rules and regulations applicable to us may adversely affect our business, financial condition, results of operations and cash flows.

We operate in a highly regulated industry and we have to adhere to various laws, rules and regulations. NBFCs in India are subject to strict regulation and supervision by the RBI. We require various approvals, licenses, registrations and permissions for operating our business, including registration with the RBI as a NBFC. NBFCs are required to maintain prudential norms for income recognition, accounting standards, asset classification, provision for bad and doubtful assets, capital adequacy and concentration of credit/investment to be observed. Accordingly, legal and regulatory risks are inherent and substantial in our business.

As we operate under licenses or registrations obtained from the applicable regulators, we are subject to actions that may be taken by such regulators in the event of any noncompliance of any applicable policies, guidelines, circulars, notifications and regulations issued by the relevant regulators, penalties, revocation of licenses and reputational impact.

The Master Direction – Reserve Bank of India (Non-Banking Financial Company –Scale Based Regulations) Directions, 2023 ("**NBFC Scale Based Directions**") currently require NBFCs such as our Company to comply with a capital to risk (weighted) assets ratio, or capital adequacy ratio ("**CRAR**"), consisting of Tier I and Tier II capital. As per the NBFC Scale Based Directions, we are required to maintain a minimum capital ratio, consisting of Tier I capital and Tier II capital, of not less than 15.00% of our aggregate risk weighted assets on-balance sheet and of risk adjusted value of off-balance sheet items. In line with the NBFC Scale Based Directions, at a minimum, Tier I capital of an NBFC, at any point of time, cannot be less than 10.00%. As of 31 March 2024, our CRAR was 35.92%, with Tier I capital comprising 32.77%. As we continue to grow our loan portfolio and asset base, we will be required to raise additional Tier I and Tier II capital in order to remain in compliance with the applicable capital

adequacy ratios. We cannot assure you that we will be able to raise additional Tier I and Tier II capital in order to remain in compliance with applicable capital adequacy ratios. Our Tier I capital decreased from 37.73% as of 31 March 2022 to 36.49% as of 31 March 2023, and decreased from 36.49% as of 31 March 2023 to 32.77% as of 31 March 2024. This was primarily attributable to increase in Share Capital and Reserve & Surplus. Further, the RBI may increase its current CRAR requirements, which may require us to raise additional capital. We cannot assure you that we will be able to raise adequate additional capital in the future on terms favorable to us, or at all, which may adversely affect the growth of our business. Our failure to comply with minimum capital adequacy requirements and NOF, under current or future regulations, may result in adverse actions being initiated by RBI, including imposition of penalties and may adversely affect our business, financial condition and results of operations. Any changes in the laws, rules and regulations applicable to us may also adversely affect our business, financial condition and results of operations. For instance, following the introduction of the guidelines on Income Recognition, Asset Classification and Provisioning in 2020, we are required to classify loans as NPAs when days past due crosses 90 and maintain these as special mention accounts till the days past due become zero. If there are any technology lapses relating to such classification, we may be subject to penalties.

The laws and regulations governing the banking and financial services industry in India have, therefore, become increasingly complex and cover a wide variety of issues, such as interest rates, liquidity, investments, ethical issues, money laundering and privacy. These laws and regulations can be amended, supplemented or changed at any time such that we may be required to restructure our activities and incur additional expenses to comply with such laws and regulations, which could adversely affect our business and our financial performance. Further, many of the regulations applicable to our operations may be subject to varying interpretations. If the interpretation of the regulators and authorities varies from our interpretation, we may be deemed to be in contravention of such laws and may be subject to penalties and legal proceedings being initiated against us. Unfavourable changes in or interpretations of existing laws, rules and regulations, could result in us being deemed to be in contravention of such laws or may require us to apply for additional approvals. In addition, we are also subject to the corporate laws, taxation laws and other laws in effect in India which require continued monitoring and compliance on our part. If we fail to comply with these requirements, or a regulator alleges we have not complied with these requirements, we may be subject to penalties and compounding proceedings.

We are exposed to operational and credit risks which may result in NPAs, and we may be unable to control or reduce the level of NPAs in our portfolio. If we are unable to manage the level of NPAs or provisioning requirement as per regulatory requirements, our cash flows, financial position and results of operations may suffer.

Our ability to manage the credit quality of our portfolio is a key driver of our results of operations. We make contingent provisions against standard assets and NPAs, which are recognized under impairment of financial instruments in our financial statements, in accordance with guidelines issued by the RBI. We also create provisions as prescribed under IND AS 109 following ECL (Expected Credit Loss). In addition to making provisions on loan assets, the RBI requires us to classify and make provisions towards NPAs and standard assets. As of 31 March 2024, our Gross NPA was ₹7.65 lakhs and our stage-3 Provision Coverage Ratio, i.e. provision coverage ratio for loan assets that are due for more than 90 days, stood at 91.90%. If the number of our loans that become NPAs increase, the credit quality of our loan portfolio will decrease, and the provisioning requirement will also increase.

Set forth below are details of our asset quality ratios, as well as provisions made, as of each of the corresponding periods:

in ₹lakhs, unless otherwise specified

Asset Classification	**As at 31 March**		
	2022	**2023**	**2024**
On-book Loan Portfolio (Gross carrying amount as per Annual report)			
Stage 1 (I)	2,39,928	2,91,837	3,76,499

Stage 2 (II)	636	1,357	1,588
Stage 3 (III)	3,569	696	765
Total On-book Loan Portfolio (IV)	2,44,133	2,93,890	3,78,852
ECL Allowance- Loans			
Stage 1 (V)	1,806	2,226	2,643
Stage 2 (VI)	38	163	151
Stage 3 (VII)	970	652	712
Total ECL Allowance Loans (VIII)	2,815	3,041	3,506
Net Loan Portfolio			
Stage 1(IX- I-V)	2,38,122	2,89,611	3,73,856
Stage 2 (X=II-VI)	597	1,194	1,438
Stage 3 (XI=III-VII)	2,599	44	53
Total Net Loan Portfolio (XII=IV- VIII)	2,41,318	2,90,849	3,75,347

**As per new definition of RBI for NPA Notes:*

(1) *Stage 1 (1-30 days) includes loan assets that have not had a significant increase in credit risk since initial recognition or that have low credit risk at the reporting date.*

(2) *Stage 2 (31-90 days) includes loan assets that have had a significant increase in credit risk since initial recognition but that do not have objective evidence of impairment.*

(3) *Stage 3 (more than 90 days) includes loan assets that have objective evidence of impairment at the reporting date.*

There can be no assurance that we will be able to maintain our NPA ratios in proportion with the credit performance of our borrowers, or at which our credit and our underwriting analysis, servicing and collection systems and controls will be adequate. Any incorrect estimation of risks may result in our provisions not being adequate to cover any further increase in the amount of NPAs or any further deterioration in our NPA portfolio. Events, such as the COVID-19 pandemic may exacerbate the extent of NPAs in our portfolio, as demonstrated by the spike in our Gross NPA Ratio to 1.52% as of 31 March 2022, compared to 0.25% as of 31 March 2023. Further, our peers may have better asset quality, which may in turn lead to our peers having high profitability and low provisioning requirements. Any incorrect estimation of risks, including those relating to collection efficiency, may result in our provisions not being adequate to cover further increase in the amount of NPAs or deterioration in our NPA portfolio. Factors outside our control may lead to increased NPAs, such as developments in the Indian and global economy, political factors, changes in borrower behaviour and demographic patterns, natural calamities, diseases and changes in regulations, including requirements on us to lend to stipulated sectors. In the event of any deterioration in our NPA portfolio, or if our provisioning coverage is insufficient to cover our NPAs, our ability to raise additional capital and debt funds, as well as our business prospects, financial condition, results of operations and cash flows could be adversely affected.

Our business has substantial and continuous capital requirements and any disruption in accessing funds would adversely impact our business, liquidity, financial conditions and results of operations.

The liquidity and profitability of our business depends, in large part, on our timely access to, and the costs associated with, raising funds and getting loans and advances. Our funding requirements historically have been met from various sources, including bank loans, loan from other financial institutions, debt securities and commercial papers. Our ability to raise debt funding and equity capital on acceptable terms and in a timely manner depends on various factors, including our current and future results of operations, risk management policies, brand equity and our Promoter's shareholding in our Company, developments in the domestic markets and international markets affecting the Indian economy as well as regulatory environment and policy initiatives in India. In addition, the cost and availability of our debt capital also depends on our short-term and long-term credit ratings.

The break-up of our sources of capital for Fiscal 2024, Fiscal 2023 and Fiscal 2022 is as follows:

₹in lakhs

Particulars	**As of Fiscal 2022**	**As of Fiscal 2023**	**As of Fiscal 2024**
Debt Securities	37,470.89	39,997.88	60,462.76
Borrowings (Other than Debt Securities)	1,21,224.66	1,62,820.94	1,96,176.93
Subordinated Liabilities	8,900.00	8,900.00	8,900.00
Total	1,67,595.55	2,11,718.81	2,65,539.69

Any downgrade in our credit ratings could also increase borrowing costs and adversely affect our access to capital and debt markets, as well as increase the probability that our lenders may impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future. Any downgrade in our credit ratings may also adversely impact our current or future borrowings.

Our ability to raise foreign funds through debt is also governed by RBI regulations and is subject to restrictions, including raising loans only from recognized lenders and with minimum average maturity period of not less than three years, except in specified cases. Any changes to the regulations on priority sector lending may also disrupt our sources of funding. As of the date of this Offering Circular, the RBI mandates domestic scheduled commercial banks (excluding regional rural banks and SFBs) and foreign banks operating in India, to maintain an aggregate 40.00% of adjusted net bank credit or credit equivalent amount of off-balance sheet exposure, whichever is higher, as 'priority sector lending'. In the event that the laws relating to priority sector lending to banks undergo a change, or if any part of our loan portfolio is no longer classified as priority sector lending by the RBI, or if we are no longer able to satisfy the prescribed conditions to be eligible for such classification, our ability to raise resources based on priority sector advances, and consequently our credit ratings, would be hindered.

Set forth below are details of our debt funding, including the average cost thereof:

in ₹lakhs, unless otherwise specified

Particulars	**As of and for the year ended 31 March**		
	2022	**2023**	**2024**
Total Borrowings[(1)]	167595.55	211718.81	265539.69
Average Cost of Borrowings (%)[(2)]	12.28	11.00	11.32

Notes:

(1) Total Borrowings represents the aggregate of debt securities, borrowings (other than debt securities) and subordinated liabilities as of the last day of the relevant period

(2) Average Cost of Borrowings represents finance cost for the relevant period as a percentage of average borrowings (including interest accrued) in such period

Our margins are affected by our ability to continue to secure low-cost funding at rates lower than the interest rates at which we lend to our borrowers. For further details, see "*-We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, results of operations and financial condition*" below. If we are unable to obtain adequate financing in a timely manner or on acceptable terms, our business, results of operations, cash flows and financial condition may be adversely affected.

We have geographic concentration in certain States and therefore are dependent on the general and regional economic, geopolitical and natural conditions and activities in such states and regions.

We derive a significant portion of our revenues from certain states, where a majority of our branches are located, and a majority of our AUM originates from. Set forth below are details of our AUM distribution as of 31 March 2024, in our top five States:

S. No.	Particulars	AUM as of 31 March 2024 (in Rs lakhs)	% of total AUM
1.	Delhi	235810	51.42
2.	Uttar Pradesh	116133	25.32
3.	Haryana	27753	6.05
4.	Maharashtra	26821	5.85
5.	Bihar	14893	3.25

Our concentration in certain States indicated above where our operations are focused, exposes us to adverse geological, ecological, economic and/or political circumstances in those respective regions. If there is a sustained downturn in the economy of those regions or a sustained change in financial patterns, adverse political developments or regional calamities, our business, financial position and results of operations may be adversely affected.

We are subject to risks arising from interest rate fluctuations, which could adversely affect our business, results of operations and financial condition.

We borrow funds in the domestic and international markets from various banks and financial institutions to meet the long-term and short-term funding requirements for our operations and funding our growth initiatives. The financing products we currently offer to our clients are at a fixed rate of interest, however, our funding arrangements include both fixed and floating rate borrowings.

Interest rates on our borrowings could be affected by a variety of factors, including access to capital based on our business performance, the volume of loans we make to our customers, competition and regulatory requirements, as well as those beyond our control, including the monetary policies of the RBI, deregulation of the financial sector in India, domestic and international economic and political conditions and other factors, which have historically resulted in changes in interest rates in India. Such interest rates may also be affected by a change over time in the mix of the types of loans we provide to our customers, the mix of new and renewal loans and a shift among our channels of customer acquisition.

In the event the interest rate on our borrowings increases and we are unable to increase the interest rate charged by us on our future loan disbursements, simultaneously and in the same proportion, or, in a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our interest-earning assets, our Net Interest Income and Net Interest Margin would be adversely impacted. Set forth below are details of our Net Interest Income, and Net Interest Margin, for each of the corresponding periods:

in ₹lakhs, unless otherwise specified

Particulars	As of and for the financial year ended 31 March		
	2022	2023	2024
Net Interest Income	20,811.65	25,640.10	32,528.95
Net Interest Margin (%)	4.37	5.48	6.33

Notes:

1. *Net Interest Income represents the total income reduced by the finance costs in such period*
2. *Net Interest Margin represents the difference between the Gross Yield and the Financial Cost Ratio. Gross Yield represents the ratio of total income in the relevant period to the Average AUM. Financial Cost Ratio represents the ratio of financial cost in the relevant period to the Average AUM (average of opening and closing AUM of the relevant period).*

Interest rates are highly sensitive and fluctuations thereof are dependent upon many factors which are beyond our control, including the monetary policies of the RBI, de-regulation of the financial services sector in India, domestic as well as international economic and political conditions, inflation and other factors. For instance, in December 2022, RBI raised the key interest rate by 35 basis points and by 25

basis points in February 2023. Changes in market interest rates affect the interest rates we charge on our loans differently from the interest rates we pay on our interest-bearing liabilities. An increase in interest rates could result in an increase in interest expense relative to interest income if we are not able to increase the rates charged on our portfolio loans and advances, or if the volume of our interest-bearing liabilities is larger or growing faster than the volume of our loans. In Fiscal 2024, our interest rates increased from 11% to 11.32% as of Fiscal 2023. Such increase or decrease in interest rates could affect our ability to raise low-cost funds as compared to some of our competitors who may have access to lower cost deposits. Our cost of funds and operating expenses may increase to a level where it is difficult to comply with the RBI Master Directions. If this occurs, we may experience pressure on our operating margins, our business, financial condition, results of operations and cash flows may be adversely affected. We attempt to ensure that the interest rates we charge are in line with the market and similar to those charged by our competitors. In a declining interest rate environment, if our cost of funds does not decline simultaneously or to the same extent as the yield on our loans, it could lead to a reduction in our net interest income and net interest margin.

To the extent our borrowings are linked to market interest rates, we may have to pay interest at a higher rate than our competitors that may borrow only at fixed interest rates. Of the loans extended to us as of 31 March 2024, 69.44% were based on a floating rate of interest and 30.56% were based on a fixed rate of interest. While the floating interest rate offered by us is linked to market parameters and can account for market circumstances to an extent, our fixed interest rate loans may have lower interest yield compared to our interest expenses on our floating interest-bearing liabilities, which could lead to a reduction in our net interest income and net interest margin, resulting in lack of profitability. An increase in general interest rates in the economy could also reduce the overall demand for retail loans and impact our growth. Further, changes in interest rates could affect our treasury income. If we are unable to effectively manage our interest rate risks, it could have an adverse effect on our net interest income and net interest margin, thereby affecting our business, financial condition, results of operations and cash flows.

Increasing interest rates may also result in additional risks, including increases in the rates of interest charged by us resulting in higher monthly instalments due from borrowers which could, in turn, result in higher rates of default and delayed repayments and limited access to low-cost funds or deposits as compared to some of our competitors. Our inability to manage our interest rate effectively may have an adverse effect on our Net Interest Margin, thereby adversely affecting our business and future financial performance.

Our operations involve handling cash in high volumes through a dispersed network of branches which makes us susceptible to operational risks including, misappropriation, embezzlement or fraud by our employees, which may adversely affect our business, operations and ability to recruit and retain employees.

Our operations, including lending and collection, involve handling significant amounts of cash, thereby exposing us to the risks of loss, fraud, misappropriation, or unauthorized transactions by our employees responsible for dealing with such cash collections. The following table sets forth the fraud detected and reported for the periods indicated:

Particulars	**For the year ended 31 March**					
	2022		**2023**		**2024**	
	Number of cases	**Aggregate amount (in ₹lakhs)**	**Number of cases**	**Aggregate amount (in ₹lakhs)**	**Number of cases**	**Aggregate amount (in ₹lakhs)**
Frauds detected and reported	-	-	-	-	1	2195

Our Company is pursuing litigation against persons, including certain of its employees, on the grounds of, inter alia, criminal breach of trust, forgery and fraud. For further details, see "*Legal Proceedings*".

We are actively engaged in migrating to a cashless environment to mitigate the risk of cash handling. We have enabled contactless repayments via popular apps like Google pay, Paytm, PhonePe etc. and introduced a QR Code for each borrower on loan application cards to facilitate efficient repayment and minimize fraud. However, the majority of our current operations, in terms of volume of customers, are still carried out in cash. While we have and intend to continue to invest in our technology-enabled operating procedures to improve our operational and risk management efficiencies, given the high volume of transactions involving cash handling by us currently, there may be future instances of fraud and misconduct by our representatives or employees, some of which may go unnoticed before actions are taken by us. Further, we prefer hiring our field staff locally and any regulatory or other proceedings initiated against us in connection with any such unauthorized transaction, fraud or misappropriation by our employees, could adversely affect our goodwill, business prospects, future financial performance and our ability to recruit or retain employees.

We rely heavily on our information technology platform for our business operations. Any security breaches or disruption to our systems and our inability to successfully develop or upgrade our technological systems could materially and adversely affect our business.

We rely on our information technology platform for operational aspects of our business as well as for the scalability and growth of our business. Our operations are dependent on the secure processing, storage, and transmission of confidential and other information in our computer systems and networks. Though no breach of customer data has been observed in the past, our computer systems, software and networks are vulnerable to unauthorized access, computer viruses or other malicious code and other events that could compromise data integrity and security. However, we cannot assure you that attacks that could compromise data integrity and security, will not take place in the future.

In addition, we are dependent on third-party vendors and independent contractors for certain elements of our operations, such as digital collection through UPI and KYC verification. We are exposed to several risks, including but not limited to, (i) external vendors or service providers being unable to fulfil their contractual obligations to us (or being subject to the risk of operational errors by their respective employees); (ii) the vendors or their employees being involved in any fraud or wilful default and (iii) the risk that our (or our vendors') business continuity and data security systems prove to be inadequate. While there has been no further material failure by third parties to perform their obligations under agreements, in the three preceding Fiscals and the nine-month period ended 31 December 2023, and there are currently no material pending disputes regarding such services, there can be no assurance that such failure to perform will not take place in future. If there is a disruption in the third-party services, or if the third-party service providers discontinue their service agreements with us, our business, financial condition, cash flows and results of operations will be adversely affected. In case of any dispute, we cannot assure you that the terms of such agreements will not be breached, and this may result in litigation or other costs. Additionally, certain of our agreements require us to indemnify our counterparties for certain losses, and limit contractual or other liabilities of our counterparties to fees or other amounts received by them from us for a certain period of time. If such indemnities are invoked, or if our counterparties limit their liabilities to an extent that our losses are not fully recovered, we may incur additional costs. Such additional costs may adversely affect our business, financial condition and results of operations

Further, if we fail to adapt to technological advances such as artificial intelligence (AI), business analytics, digital lending solutions, mobile banking and access to lender aggregators quickly and effectively, it could affect the performance and features of our product offerings and services and reduce our attractiveness to existing and potential borrowers, thereby adversely affecting our business, financial condition, results of operations, and cash flow.

We depend on the accuracy and completeness of information provided by our customers and certain third party service providers and our reliance on any erroneous or misleading information may affect our judgement of their creditworthiness, as well as the value of and title to the collateral.

While deciding whether to extend credit to customers or not, we rely, to a significant extent, on the information furnished to us by the customers for certain key elements of the credit assessment process, including their income, assets, financial transactions and credit history. We follow Know Your Customer ("**KYC**") guidelines prescribed by RBI for potential customers, verify their place of employment and residence, as applicable. We may also rely on certain representations from customers as to the accuracy and completeness of that information. For ascertaining creditworthiness of customers, we rely on information and data available with credit information companies or credit bureaus, our API stack enabling independent validation from source, customer financials, observations from our front-end teams, feedback from credit and underwriting teams, and other sources of income and value of collateral. If the components or analytics are either unstable, biased, or missing key pieces of information, the wrong decisions will be made which will negatively affect our financial results. Our reliance on erroneous or misleading information may affect our judgement of credit worthiness of potential customers. If we are unable to properly assess the creditworthiness of our customers, including a failure to predict a customer's true credit risk profile and/or ability to repay their loan, we may need to record additional provision expense and/or experience higher than forecasted losses. Additionally, if any portion of the information pertaining to the prospective customer is false, inaccurate or incomplete, and we did not detect such falsities, inaccuracies or incompleteness, or any or all of the other components of our credit decision process fails, we may experience higher than forecasted losses. Furthermore, if we are unable to access the third-party data used in our decision structure, or our access to such data is limited, our ability to accurately evaluate potential customers will be compromised, and we may be unable to effectively predict probable credit losses inherent in our loan portfolio, which would negatively impact our results of operations, which could be material. Further, since we cater to customers from urban and rural areas and from the predominantly unorganized sector, with partially documented formal sources of income, many of whom are first time borrowers, we may have customers who are unable to document their entire income comprehensively. Accordingly, we may not be able to assess their income or ability to repay our loans accurately.

Our risk management measures may not be adequate to prevent or deter such activities in all cases, which may adversely affect our business, results of operations and financial condition. We may not receive updated information regarding any change in the financial condition of our customers or may receive inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees. Moreover, the availability of accurate and comprehensive credit information on retail customers in India is more limited than for larger corporate customers, which reduces our ability to accurately assess the credit risk associated with such lending. Although as part of our credit policy, we conduct credit checks of all our customers, including with credit bureaus, conduct site-visits and personal discussions, we cannot assure you that such credit information will always be available, accurate or comprehensive.

While we have not faced any material losses on account of inaccurate or incomplete information as a result of any fraudulent misrepresentation by our customers or employees, we cannot assure you that such instances may not occur in the future that may have material impact on our business operations. Difficulties in assessing credit risks associated with our day-to-day lending operations may lead to an increase in the level of our NPAs, which could adversely affect our business and results of operations.

We are dependent on our Board, members of our Key Managerial Personnel and our employees, and the loss of, or our inability to hire, retain, train, and motivate qualified personnel could adversely affect our business, results of operations, cash flows and financial condition.

We are dependent on our Board, Key Managerial Personnel and employees for our operations. The RBI also mandates NBFCs to have in place supervisory standards to ensure that directors have appropriate qualifications, technical expertise and a sound track record, and such requirements may make it more difficult for us to identify suitable replacement for our directors. Further, the non-maintenance of key

man insurance makes it difficult for us to find suitable replacements for our key managerial personnel. We have Directors & Officers Policy on claims made basis with right to defend clause We also face a continuing challenge to hire, assimilate, train, and retain skilled personnel. Competition for management and other skilled personnel is intense, and we may not be able to attract and retain the managerial and other personnel we need in the future.

Set forth below are the attrition rates of our Company's employees for the financial years ended 31 March 2022, 31 March 2023 and 31 March 2024, on a standalone basis:

Particulars	**As of and for the financial year ended 31 March**		
	2022	**2023**	**2024**
Attrition rate of our employees (%)	19%	19%	28%

Large scale attrition can make it difficult for us to manage and grow our business. The loss of key managerial personnel or our inability to replace key managerial personnel may restrict our ability to grow, to execute our strategy, to raise the profile of our brand, to raise funding, to make strategic decisions and to manage the overall running of our operations, which would have an adverse effect on our results of operations and financial position.

As of 31 March 2024, we employed 2409 personnel across our operations. Although we have not experienced any material employee unrest in the past, we cannot assure you that we will not experience disruptions in work due to disputes or other problems with our work force, which may adversely affect our ability to continue our business operations. Any employee unrest directed against us, could directly or indirectly prevent or hinder our normal operating activities, and, if not resolved in a timely manner, could lead to disruptions in our operations. Such employee actions are difficult or impossible for us to predict or control and any such event could adversely affect our business, results of operations and financial condition. None of our workforce is currently unionized. However, there is a risk that our employees may choose to unionize in the future Labour unions for banking employees organize strikes, and we may in the future be affected by strikes, work stoppages or other labour disputes if any portion of our workforce were to become part of a union in the future. In the event of a labour dispute, protracted negotiations and strike action may impair our ability to carry on our day-to-day operations and, if not resolved in a timely manner, could adversely affect our business, financial condition, results of operations, cash flows and prospects.

Non-payment or default owing to the profile of borrowers in the NBFC industry, whom we service, may adversely affect our business, results of operations, cash flows and financial condition.

Our target clients for small income generation loans comprise low income generating women who are economically active and have limited access to mainstream financial credit products. While we have developed an operations methodology pursuant to which we follow specific client selection criteria and ensure adherence to our internally developed risk policy framework, our clients generally have limited sources of income and credit histories, and may not have tax returns, bank or credit card statements, statements of previous loan exposures, or other documents through which we can accurately assess their credit worthiness. We may not, therefore, in certain instances, receive information regarding any change in the financial condition of our customers or in certain cases our customers may provide inaccurate or incomplete information to us. The lack of availability of information or incomplete or inaccurate information, in connection with our customers may make it difficult for us to take an informed decision with regards to providing financial facilities to such persons. As a result, such clients may pose a higher risk of default than borrowers with greater financial resources and more established credit histories, or those with better access to education, employment opportunities and social services.

Set forth below is the amount of our assets under management ("**AUM**") from our customers, who typically belong to the low-income group, unorganized sector and usually do not form part of the mainstream banking finance:

Particulars	For the year ended 31 March					
	2022		2023		2024	
	AUM (₹lakh)	% of total AUM	AUM (₹lakh)	% of total AUM	AUM (₹lakh)	% of total AUM
MSME/Business loans	2,49,682	91.92	3,03,510	85.01	3,57,031	77.85
Small Income Generation Loans	21,938	8.08	53,533	14.99	1,01,572	22.15
Total	2,71,620	100.00	3,57,043	100.00	4,58,603	100.00

A significant portion of our customer base is typically not economically stable, and as a result, is usually adversely affected by declining economic conditions. Earning capacity of customers in these segments depends on various macro and micro economic factors that affect them from time to time. Our customers may default on their repayment obligations due to various reasons including business failure, insolvency, lack of liquidity, loss of employment or personal emergencies such as the death of an income-generating family member, including on account of unforeseen events. In addition, our customers may have limited credit histories thus impacting our ability to assess their creditworthiness. It may therefore be difficult for us to carry out the necessary credit risk analysis on all of our customers.

Our small income generation loans customers typically are women from low-income households in rural India, with limited sources of income, savings and credit histories supported by tax returns and statements of previous loan exposures which are generally unsecured or any secured through hypothecation of primary collateral. Further, low-income borrowers generally are less financially resilient than borrowers with better financial resources, more established credit histories, access to better education, employment opportunities, and social services, who may be disproportionately affected by economic conditions or socio-political unrest. Such customers may have a high risk of non- payment or default due to a number of reasons such as not having the experience of payment of interest and repayment of principal, as well as other reasons applicable to our other customers. To the extent we are unable to successfully manage the risks associated with lending to customers new to credit, it may become difficult for us to recover outstanding loan amounts (including interest) provided to such customers.

Further, some of these small income generation loan borrowers may have availed loans from multiple sources. Also, we may not always receive timely updates regarding changes in the financial condition of our customers or may receive inaccurate or incomplete information, as a result of any misrepresentation by either customers or employees. In the event of default, we may be unable to collect part or all of the amount lent to a customer.

We also provide loans to customers who are self-employed. During the period from 1 April 2020 to 31 March 2024, loans aggregating to ₹8511 Lakh, or 97.05% of the total loans disbursed (in terms of count of loans) by us in Fiscal 2021, ₹13951 Lakh, or 97.77% of the total loans disbursed (in terms of count of loans) by us in Fiscal 2022, ₹56412 Lakh, or 99.17% of the total loans disbursed (in terms of count of loans) by us in Fiscal 2023 and ₹113041 Lakh, or 99.50% of the total loans disbursed (in terms of count of loans) by us in Fiscal 2024 respectively were to self- employed customers. Self-employed customers are often considered to be higher credit risk customers than large corporate borrowers due to their increased exposure to fluctuations in cash flows due to adverse economic conditions. To the extent we are unable to successfully manage the risks associated with lending to self-employed customers, it may become difficult for us to recover outstanding loan amounts provided to such customers.

The following table sets forth our bad debts written off for major products by number of accounts and total amount for the years/ period indicated:

Write-offs	As of 31 March 2022		As of 31 March 2023		As of 31 March 2024	
	Number of accounts	Amount (₹lakh)	Number of accounts	Amount (₹lakh)	Number of accounts	Amount (₹lakh)
MSME/Business loans	35	4,239.55	51	3,954.66	95	-608.55
Small Income Generation Loans	2409	-603.54	17165	460.27	8220	740.63
Total	2444	3,636.01	17516	4,414.93	8315	132.08

The following table sets forth our bad debts written off as a percentage of loans advanced for the years/period indicated:

Write- offs	As of 31 March 2022		As of 31 March 2023		As of 31 March 2024	
	Write-offs for credit (₹lakh)	Percentage of AUM for the year (%)	Write-offs for credit (₹lakh)	Percentage of AUM for the year (%)	Write-offs for credit (₹lakh)	Percentage of AUM for the year (%)
MSME/Business	4,239.55	1.70	3,954.66	1.32	-608.55	-0.17
Small Income Generation Loans	-603.54	-3.01	460.27	0.93	740.63	0.73
Total	3,636.01	1.35	4,414.93	1.26	132.08	0.03

We adopt a proactive approach to risk management - by foreseeing potential stress areas and employing proactive measures, we safeguard against adverse impacts. However, we cannot assure you that our risk management controls will be adequate to prevent future losses on account of customer defaults, which may adversely affect our business, results of operations and financial condition. Although we have adopted risk management policies and procedures, we cannot assure you that these policies and procedures will be adequate. For further details see "*We may not be able to identify, monitor and manage risks or effectively implement our risk management policies*." Failure to maintain sufficient credit assessment policies, particularly for individual borrowers, may adversely affect our credit portfolio.

In the past, our business has been adversely impacted by the COVID-19 pandemic, which increased our level of NPAs and write-offs and temporarily reduced the demand for our products. Further, primarily because of government imposed lockdowns and safe distancing measures which resulted in us not being able to have physical meetings with our customers during certain periods, especially the Financial Year 2021, our collection efficiency, on a standalone basis, for the Financial Year 2021 was lower than that for the Financial Years 2022 and 2023, as set forth in the table below:

Particulars	As of and for the financial year ended 31 March			
	2021	2022	2023	2024
Collection efficiency (%)	96.06	97.76	98.66	98.37

Owing to the nature of borrowers in our loan portfolio, we may experience higher levels of NPAs and write-offs in the future, which may adversely affect our business, results of operations and financial condition. For further information, see, "*We are exposed to operational and credit risks which may result in NPAs, and we may be unable to control or reduce the level of NPAs in our portfolio. If we are unable to manage the level of NPAs or provisioning requirement as per regulatory requirements, our cash flows, financial position and results of operations may suffer"* above.

Our growth may be materially and adversely affected by an inability to respond promptly and effectively to new technological innovations.

Our ability to respond to technological advances on a cost-effective and timely basis may have an impact on our growth. Technological innovation such as digital wallets, mobile operator banking, advancements in blockchain technology could disrupt the financial services industry and increase competition as a whole. If we fail to adapt to such technological advances quickly and effectively it could affect the performance and features of our products and services and reduce our attractiveness to existing and potential customers hereby adversely affecting our business, financial condition, results of operations, and cash flows. For instance, automated lending has revolutionized the way lenders manage risk, providing them with more effective tools and strategies to mitigate potential losses. Automated lending platforms integrate with various data sources, including credit bureaus and financial institutions, to access real-time information about borrowers. This enables lenders to assess the risk associated with a loan application promptly and disburse loans instantly. If we fail to adopt the automated lending platform before our competition, it could significantly impact our operations.

Our competitors may also make more significant and effective investments in innovation, growth of their businesses and enhancing their customer reach and engagement and may outcompete us in any of these areas. Increased investments made or innovative services offered by our competitors may require us to divert significant managerial, financial and human resources in order to remain competitive, and ultimately may reduce our market share and negatively impact the revenue growth and profitability of our business.

With the advent of technological innovation, there has been immense development in the digital lending ecosystem, which has resulted in several fintech entities extending credit services. Digital lending, via websites and online application, has changed the way customers borrow money, by combining technological advancement with traditional lending services. This has led to seamless borrowing, faster loan disbursal with minimum paperwork, and expanded access to credit to a larger group of people. On 2 September 2022, the RBI released the Digital Lending Guidelines which are applicable to digital lending services extended by banks and non-banking financial companies (including housing finance companies), with the scope of digital lending extending to lending activities that involve some physical interface with the borrowers, such as in customer acquisition, credit assessment, loan approval, disbursement, recovery, and associated customer service. Digital lending relies on digital and online channels which uses advanced technologies to reduce processing time to minutes while traditional lending relies heavily on physical documentation which can result in weeks of processing time.

Our Company relies heavily on traditional physical methods for its lending operations. Even though our Company has made significant efforts and attempted to meet the credit needs from untapped segments by entering into various business correspondent agreements with national banks and facilitating the lending services to the rural areas, our inability to pivot to and embrace digital lending in the future may have an adverse effect on our business, reputation, results of operations, cash flows and financial condition with competitors who are able to optimize digital lending operations potentially reducing our market share.

Our Company has issued non-convertible debentures ("**NCDs**") of different series, which are listed on the debt segment of BSE. We are required to comply with various applicable rules and regulations in terms of our listed NCDs, including the SEBI Listing Regulations, which requires us to inter alia disclose our quarterly financial results, subject to a limited review, within a stipulated period from the end of the quarter.

Set forth are the details of communications received from BSE, imposing fines on the Company due to certain instances of non-compliance in the last three fiscals, and the consequent action taken by the Company. Our Company has, in the past three fiscals and up to as on date, paid a total of ₹ 25000 (excluding tax) in fines to BSE for various non-compliances.

Date of relevant communication	Particulars of the non-compliance	Relevant regulation of the SEBI Listing Regulations	Fine imposed (in ₹)*	Action taken
28.09.2022	Non/ Delayed Compliance	Regulation 60(2) delay submission of Prior intimation of Record date for payment of Interest	10000	Fine paid on 17.10.2022
30.10.2023	Non/ Delayed Compliance	Regulation 50(1)(d) Non-submission of Intimation of Board Meeting	5000	Fine paid on 31.10.2023
01.07.2024	Non/ Delayed Compliance	Regulation 60(2) of SEBI (LODR) Regulations, 2015-delayed submission of record date for payment of interest on NCDs	10000	Fine paid on 2.07.2024

**Basic fine excluding GST at the rate of 18 percent per annum*

In relation to the communications issued in the last three fiscals and up to as on date, BSE did not take any further action against our Company, other than imposition of fines, and our Company was able to successfully obtain waiver for certain non-compliances as well as ensure withdrawal of fines imposed under the SEBI Listing Regulations- Condonation of delay in creation of Recovery Expenses Fund pursuant to SEBI Circular dated 22 October 2020 vide SBEI letter SEBI/HO/MIRSD/CRADT/RGA//NK//P/OW/2021/14132/1 dated 1 July 2021. However, there can be no assurance that our Company will be able to receive such waivers/withdrawal of fines for any non-compliance in future. Any such non-compliance or any failure to comply with such rules and regulations in the future, may also result in certain penal actions being initiated against us, which may have an adverse effect on our business, reputation, results of operations, cash flows and financial condition.

We are subject to periodic inspections by the RBI. Non-compliance with observations made by the RBI during these inspections could expose our Company and our Subsidiary to penalties and restrictions, which may have an adverse effect on our business, results of operations, cash flows and financial condition.

Our Company and our Subsidiary are subject to periodic inspections by RBI as NBFCs. RBI as a part of its supervisory processes, conducts periodic inspections pursuant to which it issues observations, directions and monitorable action plans, on issues related to, amongst other things, our operations, risk management systems, internal controls, regulatory compliance and credit monitoring systems. During the course of finalizing inspections, the RBI inspection team shares its findings and recommendations with us and provides us with an opportunity to provide clarifications, additional information and, where necessary, justification for a different position, if any, than that observed by the RBI. The RBI incorporates such findings in its final inspection report and, upon final determination by the RBI of the inspection results, we are required to take actions specified in the inspection report issued by the RBI to its satisfaction, including, without limitation, requiring us to make provisions, implement credit rating and scoring models for loans, and tighten controls and compliance measures. Any significant deficiencies identified by the RBI that we are unable to rectify to the RBI's satisfaction could lead to sanctions and penalties imposed by the RBI against us and our management, as well as expose us to increased risks.

There were no material adverse observations and no subsequent letters were issued to our Company by RBI formally recording its observations pursuant to its inspections during the last 3 fiscal years and the six month period ended 30 September 2024. However, certain RBI observations are stated as under:

A. RBI Observation in respect of inspection for financial year ended 31.03.2019 vide its letter dated 9 March 2020:

Sr. No.	RBI Observations			Actions/ Measures taken by Paisalo Digital Limited
A)	**Capital Adequacy**			
	i)	The assessed net owned fund of the Company (Tier I capital) as on DPI was Rs.640.87 crore as against Rs.644.74 crore reported by the Company. The divergence was mainly due to treatment of prepaid expenses and software worth Rs.0.05 and Rs.2.20 crore, respectively as intangibles and additional loan loss provision amounting to Rs.1.63 crore identified by inspection.		The inspection report dated 4 July 2019 for the year ending 31.03.2018 (FY2017-18) was received by us only after finalisation & signing date i.e. 17 May 2019 of our Audited Financial Statements as on 31.03.2019 (FY2018-19) due to which the NOF calculation could not be made as per the PIO's observations.
	ii)	The Company reported overall capital to risk weighted assets ratio (CRAR) of 33.95% as on DPI. However, assessed CRAR of the Company was 33.81%. The divergence in reported and assessed CRAR as on DPI was mainly due to deduction of Rs.3.88 crore from NOF by the inspection team. The Risk Weighted Assets as on DPI was Rs.2,158.99 crore as against Rs.2,162.55 crore reported by the Company.		
B)	**Asset Quality**			
	i)	The Company had Board approved credit policy. The policy was last reviewed on 17 May 2019. Following deficiencies were observed on perusal of credit policy:		
		(a)	The Credit Policy had specifically mentioned about acceptance of post-dated cheques in its credit policy, which was in violation of para 115 of RBI Master Direction DNBR. PD. 008/ 03.10.119/ 2016-17 dated 1 September 2016.	The provisions with regard to acceptance of Post-Dated Cheque have been removed in the Policy
		(b)	The Company did not have any policy on delegation of power for sanctioning of loans.	Company has adopted amended Credit Policy.
	ii)	On the basis of 25 loan files perused following observations were noted.-		
		(a)	As per credit policy of the Company, confidential opinion from bankers have to	Company has started obtaining Confidential opinion from the Bank.

			be obtained. However, it was observed that the banker's opinion was not obtained in any of the cases.	
		(b)	The end use fund certificate was not found in some of the cases for example: KMPI Enterprises Pvt. Ltd. (LD6349), Sariska Agri Research Pvt. Ltd. (LD6303), Gomukh Latest Agri Techniques Pvt. Ltd., Trishashna Holdings and Investment Pvt. Ltd. (LD6881), Naincy Convent Educational & Social Welfare Society (LD6207), etc.	Company has obtained end use certificate from the Borrowers.
		(c)	It was observed the Company was accepting PDCs, eg. Chahal logistics Services (LD6427), Sarvasukhi Marketing Pvt. Ltd. (LD6480), Naincy Convent Educational & Social Welfare Society (LD6207), etc. This was in violation of para 4 of RBI Circular DNBS. PD/CC. No. 359/03.10.001/2013-14 dated 6 November 2013.	The Company has now discontinued the system of taking PDCs from its borrowers and has started taking NACH mandate from the borrowers.
		(d)	The Company had obtained KYC in all cases. However, KYC was not verified with original by Company officials. For example: KMPI Enterprises Pvt. Ltd. (Loan a/c no.-LD6349), Sariska Agri Research Pvt. Ltd. (6303), Gomukh Latest Agri Techniques Pvt. Ltd, Trishashna Holdings and Investment Pvt. Ltd. (LD6881), etc.	Company has adopted revised KYC documents
		(e)	The Company's credit policy prohibited sanctioning of loans above Rs. 1 crore to individual borrowers. However, it was observed that the Company was lending above Rs.1.00 Crore to individual borrowers for example Sudhir Chauhan (LD6159), Pankul Rathore (LD6159), Jatinder Pal Singh (LD4578), Rajender Parshad Gupta (LD6623) etc. Hence,	Company has adopted modified Credit Policy.

			the Company had violated its own credit policy	
		(f)	The Company was giving loan to companies with leverage ratio more than 3, which was in violation of its own credit policy. Some of cases, were Gomukh Latest Agri Techniques Pvt. Ltd., Sarvasukhi Marketing Pvt. Ltd. (LD6480), Harihar Suppliers Pvt. Ltd. and Chahal Parivahan Pvt. Ltd. (LD6511)	Company has adopted modified Credit Policy.
		(g)	The Company was giving loan to companies, with current ratio less than 1.33, which was in violation of its own credit policy. Some of cases were Sarvasukhi Marketing Pvt. Ltd. (LD6480), Harihar Suppliers Pvt. Ltd., etc.	Company has adopted amended Credit Policy.
		(h)	The Company had sanctioned various loans with bullet repayment. However, no such stipulation was available in their credit policy as a frequency of repayment.	Company has adopted amended Credit Policy.
		(i)	It was observed in various cases of business loans against property that the charge on security was not created with CERSAI which was in violation of our guidelines vide DNBS (PD) CC.No.24/ SCRC/26.03.001/2010-2011 dated May 25, 2011 read with para 105 of Chapter XIII of RBI M.D. DNBR.PD.008/ 03.10.119/2016-17 dated 1 September 2016. (For example, Risan Marketing Pvt. Ltd., Impact Infradev Pvt. Ltd. etc.)	Security Interest Acknowledgement Report submitted
		j)	It was observed that there was no system of internal rating of the borrowers.	Company has framed internal rating system of borrowers, rational of the system.
	(iii)	The inspection had identified one account viz Novelty Power & Infratec Limited as NPA amounting to Rs. 1.54 crore. The Company had also made provision for substandard assets amounting to Rs.0.39 crore instead of required provision of Rs.0.48 crore. Thus, the inspection had suggested total additional		The shortfall of Rs.0.05 crore has been due to some calculation mistake which shall be taken into account while preparation of Audited Financial Statements for the period ending 31 March 2020.

		provisioning to the tune of Rs.1.63 crore (additional NPA identified – Rs.1.54 crore and substandard – Rs.0.09 crore).	
	(iv)	The Company had transferred an amount of Rs.11.30 crore as against requirement of Rs.11.35 crore (20% of its net profit) to the Statutory Reserve Fund for the year ended 31 March 2019. Therefore, there was a shortfall of Rs.0.05 crore and hence, the Company had violated the provisions of Section 45-IC of the RBI Act, 1934	
(C)	**Management**		
	The Company had passed a Board resolution on 17 May 2019 to the effect that the Company had not accepted any public deposit/was holding any public deposit as on date and shall not accept any public deposits in future without prior permission from RBI. As the Company was required to pass such resolution within 30 days from the commencement of the financial year, the Company had not fully complied with provision of para 2 of Master Direction DNBR.PD.002/03.10.119/2016-17 dated 25 August 2016.		Noted for compliance.
(D)	**Earning**		
	The assessed net profit of the Company was Rs. 55.14 crore during 2018-19 as against reported net profit of Rs. 56.77 crore. The difference was mainly on account of additional provision for NPAs suggested by inspection to the tune of Rs. 1.63 crore which was deducted from the reported profit.		Noted.
(E)	**Liquidity**		
	(i)	The Company had Board approved Asset Liability Management policy which was updated on 17 May 2019. The Company had fixed negative tolerance limit for 1-15 days, which was fixed at 15%. The Company had however, not fixed any tolerance limit for any other buckets including 15-30 days violating the guidelines under Annex XXI para 7.6 of RBI Master Direction DNBR. PD. 008/03.10.119 / 2016-17 dated 1 September 2016	Company as adopted amended ALM policy.
(ii)	There were no cumulative mismatches observed during period under review. However, various mismatches were observed in individual buckets. Details of these mismatches are given in table below:		

	Returns	**Period for reporting**	**Individual bucket**	**Mismatch as % of outflows**

			Mismatches during period	
	ALM2	April - September	Over 6 months to 1 year	(-)51.01 %
			Over 3 years to 5 years	(-)14.59 %
			Over 5 years	(-)85.67 %
	ALM 2	October-March	Over 6 months to 1 year	(-)42.36 %
			Over 5 years	(-)88.24 %
	ALM 3	April - September	Over 6 months to 1 year	(-)55.74 %
			Over 3 years to 5 year	(-)14.59 %
	ALM 3	October- March	Over 6 months to 1 year	(-)45.72 %

(F)	**System and Control**		
	(i)	There was no discussion about closure of Internal Audit report in the minutes of Audit Committee meetings. It was also observed that Internal Auditor had not checked any KYC related issues	Closure certificate along with KYC checking certificate has been obtained from the Internal Auditors.
	(ii)	Governance structure of the Company was not included in its IT policy for implementation and monitoring of IT system in terms of para 1 of Master Direction DNBS.PPD.No.04/66.15.001 /2016-17 dated 8 June 2017. Policy had also not included formation of IT strategy committee and IT steering committee.	Modified IT Policy which has since been implemented
	(iii)	The Company was still using IPv4 platform as on DPI and it had not migrated to IPv6 as required in terms of DNBS (lnf.).CC.No 309/24.01.022/2012-13 dated 8 November 2012	Company has implemented IPV6
	(iv)	The Company had not put in place a cyber-security policy, elucidating the strategy containing an appropriate approach to combat cyber threats, violating para 3.2 of Master Direction DNBS.PPD.No.04/ 66.15.001/2016-17 dated 8 June 2017. Further, vulnerability management was also not comprehensively defined in the Policy.	Cyber Security Policy adopted by the Company.
	(v)	IT policy of the Company did not specify about IT operations in terms of para 4 of Section A of Master Direction DNBS.PPD.No.04/66.15.001/2016-17 dated 8 June 2017. It had also not mentioned acquisition and development of information systems, IT enabled MIS and MIS for supervisory requirements.	Modified IT policy which has since been implemented
	(vi)	The Company had adopted Board approved BCP, which was last reviewed on 17 May 2019. The policy had not	Company has adopted modified IT Policy.

		included periodicity of BCP testing. The results along with the gap analysis were not placed before the CIO and the Board as required in terms of para 6.4 of Master Direction DNBS.PPD.No.04/66.15.001/ 2016-17 dated 8 June 2017.	
	(vii)	The Company had not appointed any of its official as Nodal officer/Principal Nodal officer under Ombudsman Scheme for Non-Banking Financial Companies, 2018 in terms of para 32A of Chapter VI of RBI Master Direction DNBR. PD. 008/03.10.119 / 2016-17 dated September 1, 2016 read with RBI Circular DNBR.PD.CC.No. 091/03.10.001/2017-18 dated 23 February 2018.	The Company has appointed Mr Anurag Sinha w.e.f. 9 February 2020 as Nodal officer/Principal Nodal officer under Ombudsman Scheme for Non-Banking Financial Companies, in terms of RBI guidelines.
	(viii)	The Company had violated fair practice code guidelines which were as under:	
	(a)	It was observed that the Company had obtained signatures of borrowers on blank pages which was against the spirit of FPC. For example: Gomukh Latest Agri Techniques Pvt. Ltd., Sarvasukhi Marketing Pvt. Ltd. (LD6480), Harihar Suppliers Pvt. Ltd. and Chahal Parivahan Pvt. Ltd. (LD6511).	The practice has now been discontinued.
	(b)	The Company had obtained blank stamp paper signed by borrowers. For examples: Devendra Singh (MSAG003933), Narender Singh (MSAG002364), Anil Kumar (MSAG047584), Rinku Singh (MSAG042496), etc.	There is a system of putting a Rubber Stamp on each stamp paper in respect of cases financed under IGL & Group schemes where exposure amount is less than one lac Rupees. In other cases, the loan agreement printing begins with Stamp paper. Due to oversight the rubber stamp was not being marked on the said agreements. Now the deficiency has been removed. The specimen of Rubber Stamp is given below: This stamp paper forms an integral part of Loan / Hypothecation / Guarantee agreement dated ……executed between Paisalo Digital Limited and …… (Borrower and Guarantor name). The practice has now been discontinued.
	(c)	Flat interest rate was mentioned in loan application form and not annualized interest rate, which was misleading to borrowers as annualized interest was much higher than flat interest rate. It was also	Annualized rate has been rectified

		noted that Company had also kept a column of annualized interest rate but in many cases, it was not mentioned. Some of cases, where observations made were Sariska Agri Research Pvt. Ltd. (LD6303), Gomukh Latest Agri Techniques Pvt. Ltd., Sarvasukhi Marketing Pvt. Ltd. (LD6480), etc	
	(ix)	The Company's statutory auditors in their audit report had not included a statement that the Company was entitled to continue to hold CoR in terms of its Principal Business Criteria and whether the Company was meeting the required net owned fund requirement as on 31 March 2019. This was in contravention of Para 3(A), Chapter-ll of Master Direction DNBS.PPD.03/66.15.001/2016-17 dated 29 September 2016.	The statement was mentioned in point no (ii) of the Audit Report.
	(x)	The Company had filed ALM_STDL for July-September 2018 with delay. Hence, the Company had violated para 107 of Chapter XIII of Master Direction DNBR.PD.008/03.10.119/2016017 dated September 01, 2016 read with Circular DNBS. (PD)CC.03/03.02.001/2015-16 dated 26 November 2015.	The Company undertakes to file Prescribed Returns without any delay in future.

B. RBI Observation in respect of inspection for financial year ended 31.03.2022 vide its letter dated 31st March 2023.

Sr. No.	**RBI Observations**		**Actions/ Measures taken by Paisalo Digital Limited**
(i)	**Business Risks**		
	a)	Exposure to top 25 borrowers, as a percentage of owned funds, increased slightly from 74.17%, as on 31 March 2021, to 76.89%, as on 31 March 2022, which highlighted concentration risk.	The inspection report dated 4 July 2019 for the year ending 31.03.2018 (FY2017-18) was received by us only after finalisation & signing date i.e. 17 May 2019 of our Audited Financial Statements as on 31.03.2019 (FY2018-19) due to which the NOF calculation could not be made as per the PIO's observations.
	b)	Borrowings were majorly funding the growth in the loan book as 65% of the growth in loan book was funded by borrowings, majority (58%) of which was from banks.	The observation was carefully noted
	c)	Provisioning Coverage Ratio (PCR) decreased to 17.17% as on 31 March 2022, as compared to 21.58% as on 31 March 2021, thus falling below 20%.	The provisioning coverage ratio has decreased in 31 March 2022 due to migration of few accounts into loan loss category.

			However, the PCR stood at 64.92% as on 31.12.2022
	d)	The GNPA amount displayed an increase of 1.5 times from Rs.13.95 crore to Rs.35.69 crore during the period 31 March 2021, to 31 March 2022.	The sudden jump is due to pandemic and expiry of moratorium period. The GNPA has reduced substantially, in value, in nine months ended 31.12.2022 and GNPA stood at Rs.19.61 crores (0.75% of total Portfolio)
	e)	Income Recognition and Asset Classification norms were not adhered to by the Company as the NPAs were not identified on an ongoing basis, as all the NPAs were dated on the last date of the quarters instead of the date on which the asset became NPA.	The Company has changed its internal process of recognising the NPA accounts on daily basis for making its accounting treatment in books of accounts. On daily basis the system generates aging report. The ageing report categories the overdue in various buckets i.e. to 1st bucket 1-30 days overdue, 2nd bucket 31-60 days overdue, 3rd bucket 61-90 days over dues and the 4th bucket contains having overdue greater than 90 days but less than 120 days. This report is being monitored regressively on daily basis and any fresh account if appeared in the 4th bucket is automatically being treated as NPA account in the books by recording the same is the journal voucher.
(ii)	**Compliance Culture**		
	a)	Non-interest income was accounted together with interest income thus inflating the interest earned.	The Compliance to this point has been done in the profit & loss statement of the Audited Annual Financial Statement as on 31st March 2024.
	b)	The Company had reported zero Capital Market Exposure during the period, however there were equity investments of Rs.67.92 crore in place as on 31 March 2022 (investment of Rs 42.23crore in the shares of wholly owned subsidiary Nupur Finvest Pvt Ltd and investment of Rs.23.90 crore in the shares of Samast Vikas Ltd (erstwhile Spring lnfradev. Ltd)). Further, the Company had acquired 1,27,500 equity share of M/s Motherson Sumi System Limited at Rs.1.78 crore during FY 21-22)	Capital Market Exposure details is given in note no. 48 (b) in Audited Annual Financial Statement as on 31 March 2024.

RBI also conducted an inspection of the Subsidiary with respect to its financial position and issued the following observations pursuant to which the Subsidiary took corresponding corrective actions

A. RBI Observation in respect of inspection for financial year ended 31.03.2022 vide dated 31 March 2023 to Nupur Finvest Private Limited.

Sr. No.	RBI Observations	Actions/ Measures taken by Paisalo Digital Limited
1	The Company is advised to reduce its single party exposure within the 15% limit prescribed vide para 23 of RBI Master Directions DNBR. PD. 008/03.10.11912016-17 dated 1 September 2016.	The same has been duly complied with FY2022-23 itself and now it is within threshold limit of 15%.
2	The Company is advised to review its credit policy in view of the high business concentration.	The credit policy has been reviewed and amended policy also been adopted.

B. RBI Observation in respect of inspection for financial year ended 31.03.2023 vide dated 3rd July 2024 to Nupur Finvest Private Limited.

Sr. No.	RBI Observations	Actions/ Measures taken by Paisalo Digital Limited
1	The recording of the minutes of the board and its committees was not detailed and comprehensive, so it was difficult to appreciate the quality of deliberations. For example, it was mentioned in the minutes of the board meeting held on 6 May 2022 that drafted policies were placed before the forum for the approval of the board. However, it was not clear which policies were placed before the board and approved.	The Policies were reviewed by the Board in its meetings and wherever required policies have been amended. Looking ahead, the Board in its meeting held on 20 July 2024 reviewed matters pertaining to frauds, KYC, Risk Management
2	The board of the Company did not deliberate on annual review of frauds, KYC, Risk Management, liquidity etc. in any of its meetings.	The Board has taken the note of the said observation. Looking ahead, the Board in its meeting held on 20 July 2024 reviewed matters pertaining to frauds, KYC, Risk Management, liquidity, etc. Based on the review, the following observations were made: 1. There is no fraud detected in the Company; 2. KYC checks for both customers and employees are satisfactorily complied; 3. The Company's risk management, internal control, and audit system are adequate, with its policies duly reviewed; and 4. There is maintenance of adequate liquidity in the Company.
3	The Company did not have IT Strategy Committee in violation of its own IT policy.	Our Company currently uses the IT Infrastructure of its holding Company M/s Paisalo Digital Limited and IT Strategy Committee of the holding Company look after the IT related aspects of M/s Nupur Finvest Private

		Limited towards accomplishment of business objectives. Additionally, the Company has Constituted its own IT Strategy Committee and IT Steering Committee" following the Board Resolution dated July 20, 2024 " to align IT strategies with corporate objectives, enhance cyber security measures, and oversee all aspects of IT governance as per RBI Master Directions DoS.CO.CSITEG/SEC.7/31.01.015/ 2023-24 dated 7 November 2023.
4	The Company did not conduct IS audit during the period under review, in violation of its own IT policy.	Our Company has conducted its Information System (IS) Audit for the period 2023-24.

While we have taken steps, or are in the process of taking steps, to address all identified issues, there can be no assurance that RBI will not make other observations in the future. In the event we are unable to resolve such deficiencies and other matters to RBI's satisfaction, we may be restricted in our ability to conduct our business as we currently do. Further, while we attempt to comply with all regulatory provisions, directions or observations applicable to us, including in connection with RBI's inspection reports described immediately above, we could be subject to penalties and restrictions which may be imposed by the RBI. Imposition of any penalty or adverse findings by the RBI during the ongoing or any future inspections may have an adverse impact on our reputation, business prospects, financial condition, cash flows and results of operations. In the event that we fail to comply with the RBI observations as committed, or in case we seek waivers or extensions for complying with the observations, the RBI may take adverse action against us, including placing stringent restrictions on our operations or even revoking our registration/ licence.

Certain statutory and regulatory licenses and approvals are required for conducting our business and any failure or omission to obtain, maintain or renew these licenses and approvals in a timely manner, or at all, could adversely affect our business, cash flows and results of operations.

We require several approvals, licenses, registrations and permissions to operate our business, including a registration for our Company with the RBI as an NBFC as well as various other corporate actions, such as certificates of incorporation and registrations under the various tax and labour legislations. In the future, we will be required to maintain such permits and approvals and obtain new permits and approvals for any proposed expansion strategy or diversification into additional business lines or new financial products. We cannot assure you that the relevant authorities will issue any such permits or approvals in a timely manner, or at all, or on favourable terms and conditions. Our failure to comply with the terms and conditions of such permits or approvals or to maintain or obtain the required permits or approvals may result in an interruption of our business operations and may have an adverse effect on our operations.

In addition, as per applicability we require registrations to operate our branches in the ordinary course of business. These registrations include those required to be obtained or maintained under applicable legislations governing shops and establishments, professional tax and GST registrations of the particular state in which we operate, and expire from time to time. Accordingly, we have either made an application to the competent authorities for new/renewal of certain branch-specific approvals or are in the process of making such applications.

Any failure to renew the approvals that have expired, or to apply for and obtain the required approvals, licenses, registrations or consents, or any suspension or revocation of any of the approvals, licenses,

registrations or consents that have been or may be issued to us, may materially and adversely affect our business or results of operations.

Our Company, Promoter, Directors and Subsidiary are involved in certain legal and other proceedings and there can be no assurance that our Company and/or Subsidiary will be successful in any of these legal actions. In the event our Company and/or Subsidiary are unsuccessful in any of the disputes, our business and results of operations may be adversely affected.

There are outstanding legal and regulatory proceedings involving our Company, Directors, Promoter and Subsidiary which are pending at different levels of adjudication before various courts, tribunals and other authorities. Such proceedings could divert the management's time and attention and consume financial resources in their defence or prosecution. The amounts claimed in these proceedings have been disclosed to the extent that such amounts are ascertainable and quantifiable and include amounts claimed jointly and severally, as applicable. Any unfavourable decision in connection with such proceedings, individually or in the aggregate, could adversely affect our reputation, business, financial conditions, and results of operations. The summary of such outstanding legal and regulatory proceedings as on the date of this Offering Circular is set out below:

Name of entity	**Criminal proceedings**	**Tax proceedings**	**Statutory or regulatory proceedings**	**Material civil litigations**	**Aggregate amount involved (₹in lakhs)^**
Company					
By the Company	115	3	-	192	22627.34
Against the Company	7	4	-	4	308.9
Subsidiary					
By Subsidiary	-	-	-	-	8.13

^To the extent ascertainable

We cannot assure you that any of these on-going matters will be settled in favour of our Company or Subsidiary, or that no additional liability will arise out of these proceedings. Further, we cannot assure you that there will be no new legal and regulatory proceedings involving our Company, our Subsidiary or our Promoter or Directors in the future. For further information, see "*Legal Proceedings*". An adverse outcome in any such proceedings may have an adverse effect on our business, financial position, prospects, results of operations and our reputation.

Regulatory or legislative developments regarding privacy and data security matters could adversely affect our ability to conduct our business.

Numerous domestic and international laws and regulations address privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data. These laws, rules, and regulations evolve frequently and their scope may continually change, through new legislation, amendments to existing legislation, and changes in enforcement. Additionally, many laws and regulations relating to privacy and the collection, storing, sharing, use, disclosure, and protection of certain types of data are subject to varying degrees of enforcement and new and changing interpretations by courts or regulators. Changes in laws or regulations relating to privacy, data protection, and information security, particularly any new or modified laws or regulations, or changes to the interpretation or enforcement of such laws or regulations, that require enhanced protection of certain types of data or new obligations with regard to data retention, transfer, or disclosure, could require changes to our operations, or even prevent us from providing our platforms in the future.

As part of our operations, we are required to comply with the Information Technology Act, 2000 ("**Information Technology Act**") and the rules thereof, each as amended which provides for civil and criminal liability including compensation to persons affected, penalties and imprisonment for various

cyber related offenses, including unauthorized disclosure of confidential information and failure to protect sensitive personal data. India has already implemented certain privacy laws, including the Information Technology (Reasonable security practices and procedures or information) Rules, 2011, which impose limitations and restrictions on the collection, use, disclosure and transfer of personal information.

Additionally, the Digital Personal Data Protection Act, 2023 ("**DPDP Act**") was notified in August 2023 and is yet to come into effect. It replaces the existing data protection provisions, as contained in Section 43A of the Information Technology Act. The DPDP Act seeks to balance the rights of individuals to protect their personal data with the need to process personal data for lawful and other incidental purposes. The DPDP Act focuses on personal data protection for implementing organizational and technical measures in processing digital personal data and lays down norms for cross-border transfer of personal data including ensuring the accountability of entities processing personal data. The DPDP Act requires companies that collect and deal with high volumes of personal data to fulfil certain additional obligations such as appointment of a data protection officer for grievance redressal and a data auditor to evaluate compliance with the DPDP Act. The DPDP Act further provides that personal data may be processed only in accordance with the DPDP Act, and for a lawful purpose after obtaining the consent of the individual or for certain legitimate uses. We may incur increased costs and other burdens relating to compliance with such new requirements, which may also require significant management time and other resources, and any failure to comply may adversely affect our business, results of operations and prospects.

Several jurisdictions have implemented new data protection regulations and others are considering imposing additional restrictions or regulations. We expect data protection regulations to continue to increase both in number, complexity and in the level of stringency. The entry into force of the General Data Protection Regulation (EU) 2016/679 ("**GDPR**"), in the European Union prompted various countries to begin processes to reform their data protection regimes. In many cases, these regulations have strict measures regulating both the transfer of data externally, and also the storage and transfer of data internally among the employees in the course of their work. Moreover, these regulations may have conflicting and/or inconsistent requirements, and compliance with one data protection regime does not necessarily entail compliance with another data protection regime, and compliance with one data protection regime could potentially create conflicts in compliance with another data protection regime. Any failure to comply with applicable data protection regimes could subject us to significant penalties and negative publicity, which could have a material adverse effect on our business, financial condition, reputation before our customers and providers, and results of operations. The introduction of new information technology legislation may also require us to modify our existing systems or invest in new technologies to ensure compliance with such applicable laws, which may require us to incur additional expenses and adversely affect our financial condition. Our failure to adhere to or successfully implement processes in response to changing regulatory requirements in this area could result in legal liability or impairment to our reputation in the marketplace, which could have a material adverse effect on our business, financial condition, results of operations and prospects.

Our failure to comply with financial and other negative covenants under our loan agreements may materially and adversely affect our financial condition, results of operations, cash flows and business.

As on the date of this Offering Circular, we have 16 lenders on a standalone basis. Our ability to meet our debt service obligations and repay our outstanding borrowings will depend primarily on the cash generated by our business, which depends on the timely repayment by our borrowers. Our financing agreements contain certain restrictive covenants that limit our ability to undertake certain types of transactions, any of which could adversely affect our business and financial condition. We are required to obtain prior approval from certain of our lenders, as well as send prior intimation to certain of our lenders for, among other things:

- Effecting any changes to capital structure and shareholding pattern of our Company (including any consequent dilution of the current shareholding of directors, promoters, member(s) of the promoter group and other shareholders of our Company)

- Making any amendments to the constitutional documents i.e., Articles of Association and Memorandum of Association, (including changes made to ensure compliance with the requirements of the Stock Exchanges and Securities and Exchange Board of India)
- effecting any changes in the management (including key managerial personnel) of our Company, including changes in the practice with regard to remuneration of directors opening new bank accounts with respect to the Issue
- Effecting any change in the constitution of the Company by way of formulating scheme of amalgamation, merger, demerger, reconstruction, modernization, diversification, renovation or acquisition of any fixed assets during any accounting year, except which have already been approved by the Lenders

Any failure, in the future, to comply with the restrictive negative conditions and covenants in our financing agreements that is not waived off or consented to by our lenders could lead to an event of default and the consequent termination of our credit facilities could adversely affect our business, results of operations, financial condition, and cash flows.

A failure to observe the financial and restrictive negative covenants under our financing arrangements or to obtain necessary waivers may lead to the termination of our credit facilities, acceleration of amounts due under such facilities and the enforcement of any security provided. Pursuant to clauses in certain financing agreements, any defaults under such facilities may also trigger cross default or cross acceleration provisions under our other financing agreements. If the obligations under any of our financing documents are accelerated or any security created under such agreements enforced, we may have to dedicate a substantial portion of our cash flows towards payments under such financing documents, thereby reducing the amounts available for working capital, capital expenditure and general corporate purposes. Additionally, during any period in which we are in default, we may be unable to raise, or may face difficulties raising, further financing. In addition, we cannot assure you that our business will generate sufficient cash to enable us to service our debt or to fund our other liquidity needs. We may also need to refinance all or a portion of our debt on or before maturity. We cannot assure you that we will be able to refinance any of our debt on commercially reasonable terms or at all.

Fluctuations in the market values of our investments could adversely affect our results of operations and financial condition.

We have an investment policy. We have invested only in quoted and unquoted equity shares. As part of our treasury management, our Operations and Finance Committee has been authorised by our Board to prescribe policies for investments in SEBI registered mutual funds, Government Securities/ treasury bills, liquid/ liquid plus mutual funds, market-linked debentures, non-convertible debentures, bonds and other instruments having fixed rates of return as well as fixed deposits with banks and small finance banks, subject to the overall investment limit fixed by the Board. The value of these investments depends on several factors beyond our control, including the domestic and international economic and political scenario, inflationary expectations, interest rate volatility and monetary policies. While we have not experienced any significant decline in the value of our investments, any decline in the value of these investments in the future, may have an adverse effect on our results of operations and financial condition.

We have experienced negative cash flows in the past. Negative cash flows in the future could adversely affect our cash flow requirements, our ability to operate our business and implement our growth plans, thereby affecting our financial performance.

We have in the past, and may in the future, experience negative operating cash flows. The following table sets forth certain information relating to our cash flows on a consolidated basis for the periods/ years indicated under Ind AS:

(*in ₹lakhs, unless otherwise specified)*

Particulars	**As of and for the financial year ended 31 March**			
	2021	**2022**	**2023**	**2024**

Net cash flow generated from/(used) in operating activities	-9,788.69	-39,638.37	-45,217.07	-56,975.07
Net cash flow generated from/(used) in operating activities excluding 'change in working capital'	30,003.53	35,074.03	39,874.54	52,704.50

As demonstrated above, we experienced negative cash flows due to disbursals of Loans. Negative cash flows over extended periods, or significant negative cash flows in the short term, could materially impact our ability to operate our business and implement our growth plans. We may face a shortfall of capital in future as a result of negative cash flows and there can be no assurance that we will be able to raise adequate capital in future. As a result, our cash flows, business, future financial performance and results of operations could be materially and adversely affected.

We have contingent liabilities, and our financial condition could be adversely affected if any of these contingent liabilities materialize

As of 30 September 2024, the Company has given corporate guarantee for the loans taken by its wholly owned subsidiary M/s Nupur Finvest Private Limited from the following banks / financial institutions / NBFCs:

Name of Bank/Financial Institution/NBFC	**Facility**	**Amount outstanding (₹in Lakhs)**
Karnataka Bank Limited	Cash Credit	2,000.00
Indian Bank	Cash Credit	500.00
State Bank of India	Term Loan	4,467.65
Bank of Baroda	Term Loan	1,180.55
Indian Bank	Term Loan	304.38
Tata Capital Financial Services Limited	Term Loan	50.00
Total		8,502.58

We cannot assure you that we will not incur similar or increased levels of contingent liabilities in the future. If any of these contingent liabilities materialise, our financial condition and results of operation may be adversely affected.

We face asset-liability mismatches which could affect our liquidity and consequently may adversely affect our operations, profitability and/ or cash flows.

We face potential liquidity risks because our assets and liabilities mature over different periods. While we believe that our cash flow from operations, available cash and borrowings will be adequate to meet our future liquidity needs, we cannot assure you that our businesses will generate sufficient cash flow from operations such that our anticipated revenue growth will be realized or that future borrowings will be available to us under credit facilities in amounts sufficient to enable us to repay our existing indebtedness, fund our expansion efforts or fund our other liquidity needs. Asset and liability mismatch, which represents a situation when the financial terms of an institution's assets and liabilities do not match, is a key financial parameter for us. We carefully monitor the contractual maturity periods of our assets and liabilities and categorize them on the basis of the number of years in which they mature.

Asset liability mismatches create liquidity surplus or liquidity crunch situations and depending upon the interest rate movement, such situations may adversely affect net interest margin. The Reserve Bank of India has thereby, vide the Master Direction – RBI (Non-Banking Financial Company – Scale Based Regulation) Directions, 2023, stipulated that the net cumulative negative mismatches in in the maturity buckets 1-7 days, 8-14 days, and 15-30 days should not exceed 10%, 10% and 20% of the cumulative cash outflows in the respective time buckets. While our Company has not breached the prescribed requirement for the negative asset liability mismatch in the past, our inability to obtain and/ or maintain additional credit facilities or renew our existing credit facilities, in a timely and cost-effective manner

or at all, may lead to mismatches between our assets and liabilities, which in turn may adversely affect our operations and financial performance.

Our auditors have referred to certain emphasis of matters in their reports on the Audited Financial Statements.

Our Previous Statutory Auditors and our Statutory Auditors have referred to certain emphasis of matters in their report on the Audited Consolidated Statements and Audited Standalone Statements for Fiscals 2021, 2022 and 2023 respectively:

Fiscal 2021
Uncertainty relating to the global health pandemic from COVID-19 ("**Covid-19**"):

a) A deterioration of global economic conditions, central lockdown, state lockdown and curfews imposed by the central and state governments in an effort to slow the spread of coronavirus weighed on the domestic demand, supply and liquidity side due to disruption of business service offering, as we look forward to uncertainty due to the virus and economic macro and micro fluctuations, Paisalo remains resilient and maintains its strong CRAR.

During the ongoing global pandemic, we have been utilising and implementing alternative safe, secure and sterile work environment and arrangements. PAISALO has enabled its employees and business associates to work from home, including operations and call centre. We are constantly ensuring they continue to operate with proper and innovative technological tools so they can serve borrowers safely. Throughout the year we have had virtual sessions with our branches, employees and business associates, we have also continued to take appointments and proactively reach out to customers – helping them – often letting customers stay home by providing Door Step Sourcing and Servicing all the while maintaining Safe Distance and taking all necessary Non-Pharmaceutical Intervention. In addition, a vast majority of our branches, employees and business associates are equipped with all updated technology and are still functioning to provide needed credit to our borrowers. We have mobilized quickly and built new tools – digital and analogue – to allow borrowers to request credit and ensure recovery.

The new frameworks introduced by the Government of India, Reserve Bank of India and Banks recognise the important role of the credit sector to deal with the economic effects of the Covid-19 outbreak, namely to channel aid to NBFCs like Paisalo, the frameworks make clear that such aid is direct aid to the credit sector. So, while holders of nbfc equity and debt have been selling these off over fears of weaker earnings and higher loan losses, that does not quite recognize what nbfc's are now becoming, which is pass-through vehicles for governments and big banks whose key value is that they have the local reach to households. This provides for funding and liquidity at Paisalo to be stable, given the well-established feet on ground presence, strong credit and risk assessment of the borrowers and continued support of our esteemed partner banks.

The outbreak of Covid-19 pandemic across the globe & India has contributed to a significant decline and volatility in the global and Indian financial markets and slowdown in economic activities. The RBI has issued guidelines relating to COVID-19 Regulatory Package dated March 27, 2020 and April 17, 2020 and in accordance therewith, the Company has offered a moratorium of six months on the payment of instalments falling due between March 1, 2020 and August 31, 2020 to eligible borrowers. For all such loan asset accounts classified as standard and overdue as on February 29, 2020, where the moratorium is granted, the asset classification both, as per the RBI's income recognition and asset classification norms and for determining the staging of such assets to determine the expected credit loss allowance as per the model approved by the Board of Directors of the Company, will remain at a standstill during the moratorium period (i.e. the number of days past due shall exclude the moratorium period for the purposes of asset classification).

b) The Reserve Bank of India has issued a circular DOR.No.BP.BC.26/21.04.048/2020-21 dated 26 October 2020 on "Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020).

The Government of India has announced the Scheme for grant of ex-gratia payment of difference between compound interest and simple interest for six months to borrowers in specified loan accounts (1.3.2020 to 31.8.2020) (the 'Scheme') on October 23, 2020, which mandates ex-gratia payment to certain categories of borrowers by way of crediting the difference between simple interest and compound interest for the period between March 1, 2020 to August 31, 2020 by respective lending institutions.

The company has adjusted an amount of Rs.30.61 Lakh in the borrower's accounts towards the 'Interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above circular.

c) The Reserve Bank of India has issued a circular DOR.STR.REC.4/21.04.048/2021-22 dated 07 April 2021 on "Asset Classification and Income Recognition following the expiry of Covid-19 regulatory package"

All lending institutions shall immediately put in place a Board-approved policy to refund/adjust the 'interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above circular.

The company has adjusted an amount of Rs.457.53 Lakh in the borrower's accounts towards the 'Interest on interest' charged to the borrowers during the moratorium period, i.e. March 1, 2020 to August 31, 2020 in conformity with the above circular, out of which Rs.446.30 Lakh is shown under the head exceptional items and Rs.11.23 Lakh is shown as Amount receivable from Bank of Baroda under the current Assets head in respect of loan cases assigned to them.

Fiscal 2022
Uncertainty relating to the global health pandemic from COVID-19 ("**Covid-19**"):

a) The world is facing challenges at every turn: a global pandemic, unprecedented government actions, a strong recovery after a sharp and deep global recession, a highly polarized U.S. election, mounting inflation, a war in Ukraine and dramatic economic sanctions against Russia.

b) During the ongoing global pandemic, we have been utilising and implementing alternative safe, secure and sterile work environment and arrangements. PAISALO has enabled its employees and business associates to work from home, including operations and call centre during the lockdown period. We are ensuring they continue to operate with proper and innovative technological tools so they can serve borrowers safely. Throughout the year we have had virtual sessions with our branches, employees and business associates, we have also continued to take appointments and proactively reach out to customers – helping them – often letting customers stay home by providing Door Step Sourcing and Servicing all the while maintaining Safe Distance and taking all necessary Non-Pharmaceutical Intervention. In addition, a vast majority of our branches, employees and business associates are equipped with all updated technology and are still functioning to provide needed credit to our borrowers. We have mobilized quickly and built new tools – digital and analog – to allow borrowers to request credit and ensure recovery.

c) No new major frameworks were introduced during the FY 2021-22 in regard to Covid-19 relief by the Government of India, Reserve Bank of India and Banks to deal with the economic effects of the Covid-19 outbreak, namely to channel aid and to NBFCs like Paisalo. NBFC'S are now becoming, pass-through vehicles for governments and big banks whose key value is that they have the local reach to households. This provides for funding and liquidity at Paisalo to be stable, given the well-established feet on ground presence, strong credit and risk assessment of the borrowers and continued support of our esteemed partner banks.

Fiscal 2023
Contingent Assets:

The Company assigned book-debts, consisting of loans to 'Bottom of Pyramid customers, amounting to Rs.23.29 Crores to Central Bank of India in March 2020, on 10:90 sharing of risk and rewards. This transaction was based on the concept of true sales as per the RBI guidelines. The Covid 19 Pandemic struck the country immediately thereafter resulting in immense hardships to this segment of society. A moratorium was also accorded by RBI on recovery for six months. In spite of the best efforts a few of these loans became NPAs in the books of Paisalo Digital Limited and Central Bank of India. The Central Bank of India has most arbitrarily and contrary to the agreed terms & very spirit of the transaction of shared Risks and Rewards (10:90), debited our Cash Credit account by Rs.5.38 Crores towards the outstanding amount along with the accrued interest and penalty thereon, of the subject pool of book-debts on 31st March, 2023. This debit is unauthorised and bad in law. The Company has taken up the matter with the higher authorities of the Bank for reversal of the unlawful debit. The Company has charged this amount to the profit and loss statement as an exceptional item. Considering the merits of the matter in favour of the Company, the amount has been treated as Contingent Assets.

There can be no assurance that any similar emphasis of matters will not form part of our financial statements for the future fiscal periods, which could subject us to additional liabilities due to which our reputation and financial condition may be adversely affected.

We may enter into related party transactions in the ordinary course of our business and may continue to do so in future. There may be conflicts of interest associated with such transactions and there can be no assurance that such transactions will not have an adverse effect on our results of operation and financial conditions.

We have entered into related party transactions in the three preceding Fiscals and year ended 31 March 2024, each of which have been undertaken on an arms' length basis and have been approved by our Audit Committee, Board, Shareholders, or as and when required by law. We may also, from time to time, enter into related party transactions in the future. To the extent we may extend loans or advances to related parties, provide guarantees or security, enter into contracts envisaging delivery of services, we may face risks in relation to default by such related parties or potential non-recovery or non-performance of contractual obligations. Set forth below are details of our related party transactions for the corresponding periods:

(*in ₹lakhs, unless otherwise specified*)

Particulars	**For the year ended 31 March**					
	2022		**2023**		**2024**	
	RPT	**RPT as a % of total income**	**RPT**	**RPT as a % of total income**	**RPT**	**RPT as a % of total income**
Sitting Fee to non-executive independent directors(A)	14.35	-	12.30	-	12.20	-
Remuneration (B)	508.20	1.30	642.77	1.36	652.20	0.99
Others (C)						
Salary	41.16	0.10	12.10	0.03	15.32	0.02
Rent	9.00	0.02	9.00	0.02	-	
Loan Received	-		655.00	1.38	52.00	0.08
Loan Repaid	2,389.63	6.09			-	
Interest	175.31	0.45	64.40	0.14	34.27	0.05
Divided Paid	122.77	0.31	144.50	0.31	148.04	0.22
Amt received against share warrant	8,565.75	21.84	5,234.61	11.06	-	-
Subscription to NCDs	-	-	-	-	845.00	1.28
Bonus Share	-	-	-	-	1,585.29	2.41
Sub-Total (D=A+B+C)	11,811.82	30.12	6,762.38	14.29	3,332.12	5.06

Guarantees (E)	9,305.78	23.73	14,002.23	29.59	10,320.77	15.67
Total RPT (F=D+E)	21,117.60	53.84	20,764.61	43.88	13,652.89	20.73

Such related party transactions in the future or any other future transactions may potentially involve conflicts of interest which may be detrimental to the interest of our Company and we cannot assure you that such transactions, individually or in the aggregate, will always be in the best interests of our minority shareholders and will not have an adverse effect on our business, financial condition, results of operations, cash flows and prospects.

We have availed unsecured loans which can be recalled by lenders at any time.

We have availed unsecured loans, the outstanding amount of which is ₹11445.95 lakhs, or 4.31% of our total borrowings as of 31 March 2024, which may be recalled by our lenders on demand. We have availed external commercial borrowings amounting to ₹0.00 lakhs and commercial paper amounting to ₹6957.76 lakhs in the year ended 31 March 2024. In such cases, the lenders may require repayment of the facility at any point in time during the loan tenure. While no loans have been recalled in the three preceding Fiscals and year ended 31 March 2024, in case any such unsecured loans are recalled on demand by our lenders and we are unable to repay the outstanding amounts under the facilities at that point, it would constitute an event of default under the respective loan agreements. For further information, see "*Financial Information*".

Any deterioration in the performance of any pool of receivables securitized to banks and other institutions may adversely impact our results of operations.

We securitize a portion of our receivables from our loan portfolio to banks and other financial institutions to obtain funding and diversify our portfolio risk. Such securitization is undertaken by us on the basis of our internal estimates of funding requirements and availability of other sources of funds, and may vary from time to time. Set forth below are details of our book value of loans securitized and our direct assignment portfolio without any recourse with banks and financial institutions, as of the corresponding periods, on a standalone basis:

Particulars	**As of and for the financial year ended 31 March**		
	2022	**2023**	**2024**
Book value of loans securitized (₹lakhs)	-	-	-
Book value of loans securitized as a percentage of total assets	-	-	-
Direct assignment portfolio (₹lakhs)	1,692	8,237	-
Direct assignment portfolio as a percentage of total assets (%)	0.61	2.46	-

Any change in regulations framed by RBI or other regulators in relation to securitizations by NBFCs could have an adverse impact on our securitization program. In the event the bank or financial institution with whom we have securitized our receivables does not realize the receivables due under loans that have been securitized, the relevant bank or financial institution could enforce the underlying credit enhancements provided by our Company. Should such banks or financial institutions seek to enforce the underlying credit enhancements, it could have an adverse effect on our results of operations.

Further, any deterioration in the performance of any batch of receivables assigned to banks could adversely affect our credibility and hence our ability to conduct further securitizations. We may also be named as a co-plaintiff in legal proceedings initiated by an assignee in relation to the securitized assets. While there have been no material instances in the three preceding Fiscals, if a substantial portion of our securitized or assigned loans suffer a deterioration in their performance, it could have an adverse effect on our financial condition and results of operations.

Negative publicity or failure to maintain our image could damage our reputation and have a material adverse effect on our business, financial condition and results of operations.

We believe that the reputation of our brand among our customers has contributed significantly to the growth and success of our business. Maintaining and enhancing the recognition and reputation of our products is, therefore, critical to our business and competitiveness.

We provide loans to women, belonging to low-income groups primarily in rural areas. As a result of our business model of providing financial services at the villages of our borrowers, our operating expenses, particularly, finance, employee, travel and rent costs are quite high. High operating costs along with provisions for higher credit cost as well as our cost of financing, may result in higher interest rates being charged to our borrowers, in comparison to the interest rates generally charged by lenders on loans extended to banked borrowers. This, along with our Co-lending business model, therefore, continues to be the subject of evaluation, comparison and analysis. Perception of our business and business model, including, among others, by social and political workers or disgruntled former stakeholders, could harm our reputation.

While there have been no instances in the three preceding Fiscals and year ended 31 March 2024, large negative incidents or adverse publicity could rapidly erode borrower trust and confidence in us, particularly if such incidents attract regulatory investigations. Negative publicity can result from our own or our third-party service providers' actual or alleged conduct, and actions taken by government regulators in response to that conduct. Any disagreements among members of our Board, if these become public knowledge, may lead to adverse publicity. The dissemination of inaccurate information online could harm our business, reputation, prospects, financial condition, and operating results, regardless of the information's accuracy. Such unverifiable or false information regarding us may be published online or on social media by third parties, or any other such damage to our brand or our reputation may result in withdrawal of business by our existing customers and loss of new business from potential customers, could increase our costs, lead to litigation or result in negative publicity that could damage our reputation and adversely affect our business, results of operations and financial conditions.

An inability to manage our growth or our proposed expansion activities, including new financial products or businesses, could disrupt our business and reduce our profitability.

We intend to expand our reach and operations in the states where we are currently present, both by increasing our business transacted through existing branches/touchpoints and opening new branches/touchpoints. As of 30 September 2024, we have 3275 touchpoints, comprising of 336 branches, 1653 distribution points, and 1286 customer service points.

Set forth below are details of our branches, borrowers, and AUM, reflecting our recent growth:

Particulars	**As of the financial year ended 31 March**				**CAGR**
	2021	**2022**	**2023**	**2024**	
Number of branches	132	133	220	274	107.58
-Exclusive Small Income Generation Loan branches	20009	21938	53533	101572	407.63
-Exclusive MSME/Business loan branches	206766	249682	303510	357031	72.67
Number of Customers (in lakhs)	150985	130479	376328	544403	160.57
AUM (in ₹lakhs)	226776	271620	357043	458603	102.22

While we have not faced any issue in our growth strategy in the past, due to our comprehensive operations methodology which includes a detailed standard operating procedure for branch selection, we cannot assure you that our growth strategy will continue to be successful or that we will be able to continue to grow further, at the same rate, or at all. We may need to change the composition of our

AUM, which may impact our profitability, our asset-liability maturity profile and NPA levels. Further, we may introduce products that may have lower Net Interest Margins or profitability.

As we grow our business in newer geographies, including rural and more remote areas, we may face difficulties such as lack of infrastructure in terms of connectivity, increased competition, different culture, regulatory and taxation regimes, business practices, customs, behaviour and preferences, and our current experience may not be applicable to new markets. In addition, we will need to enhance and upgrade our financial, accounting, information technology, administrative, supervisory mechanisms, risk management and operational infrastructure and internal capabilities to manage such growth of our business, which involves significant capital investment.

As of 31 March 2024, and 31 March 2023, we opened 1403 and 919 new touch points, respectively taking our total touch point count to 2455 as of 31 March 2024. Due to the increase in our footprint, disbursements increased by 55.49% from ₹187357 lakh in Fiscal 2022 to ₹291230 lakh in Fiscal 2023. Likewise, AUM increased by 26.00% to ₹366907 lakh in 2024 from ₹291230 lakh in 2023. Collection efficiency was in at 98.37% during Fiscal 2024. Failure to perform or the sub-optimal performance of our new branches may adversely affect our business, financial condition, results of operations and cash flows.

We may also face heightened security risks, and face instances of fraud and theft. We may not be able to maintain our historical growth rates, the level of our NPAs or the quality of our portfolio. Further, external factors beyond our control could also affect our ability to grow our business and loan portfolio, such as demand for our loans, domestic economic growth, the RBI's monetary and regulatory policies, inflation, competition and availability of cost-effective debt capital. Our inability to expand our current operations or the sub-optimal performance of our existing/ new branches may adversely affect our business, financial condition, results of operations and cash flows.

Our Promoter, certain of our Directors, and Key Managerial Personnel may be interested in us other than in terms of remuneration and reimbursement of expenses, and this may result in conflict of interest with us.

Our Promoter, certain of our Directors, and Key Managerial Personnel are interested in us, in addition to regular remuneration or benefits and reimbursement of expenses, to the extent of their shareholding, direct and indirect, and our stock options and benefits arising therefrom. Our Promoter is also interested in us to the extent of their shareholding in us and any benefits arising therefrom. We cannot assure you that our Promoter, certain of our Directors, and Key Managerial Personnel will exercise their rights as shareholders to our benefit and best interest. Further our Promoter and Promoter Group hold Equity Shares in our Company and are therefore interested in our Company's performance in addition to their remuneration and reimbursement of expenses which also allows them to exercise significant influence over us. For further details, see "*Board of Directors*".

We are exposed to risks that may arise if our customers opt for foreclosure of loans and seek borrowing from other banks or financial institutions.

We offer our customers certain fixed interest rate loans the rate for which is determined primarily on the basis of our cost of borrowings, tenor of the loan sought, current market conditions and the risk factors involved. It is possible that interest rates on loans for some of our customers may be higher than the interest rates on loans being offered to these customers by our competitors. Some such customers may seek borrowing from other banks and financial institutions. As competition in the small business finance sector intensifies, some of our customers may be able to find borrowing options at comparably lower interest rates or other financing alternatives which could have an adverse effect on our business, results of operations and financial condition.

We operate in a highly competitive market and face competition from the organized and unorganized sector across as well as from state-sponsored social programs, which could adversely affect our business prospects and financial performance.

The financial services market for our products is being served by a range of financial entities selectively or across all products, including by traditional National Banking institutions, captive finance affiliates of players in various industries, NBFCs and small finance banks approved by RBI to enhance credit penetration. Many of these competitors may have greater financial resources, may be larger in terms of business volume and may have lower cost of funds compared to us. Many of them may also have greater geographical reach, longstanding partnerships and may offer their borrowers multiple forms of financing with differential interest rates or higher ticket sizes that we may not be able to provide, or have better brand recognition and larger borrower bases. In addition, we compete with informal sources of lending for small income generation loans, including moneylenders, landlords, local shopkeepers and traders.

Our ability to compete effectively will depend, to an extent, on our ability to raise low-cost funding in the future as well as our ability to maintain or decrease our operating expenses by increasing operational efficiencies and managing credit costs. There can be no assurance that we will be able to effectively address these industry trends or compete effectively with new and existing NBFCs and other financial intermediaries that operate in similar segments. An inability to effectively address such competition may adversely affect our market share, goodwill, business prospects, results of operations and financial condition.

Further, the government of India has launched various schemes to revolutionize the traditional banking system and to provide banking opportunity to the poor. For instance, the Pradhan Mantri Jan Dhan Yojna launched in 2014 is aimed to help the poor become financially stable by encouraging them to open zero balance bank accounts. The accountholders under this scheme are also allowed to avail an overdraft facility of ₹5,000 after six months of opening the account and are provided with insurance cover of ₹30,000 subject to compliance with certain conditions of the scheme.

Similar initiative has been undertaken by the government in past, including 'Swabhimaan', which enables small and marginal farmers to obtain credit at lower rates from banks and other financial institutions and Support to Training and Employment Programme for Women (STEP) Scheme, which is aimed at providing skill and financial assistance that enables women to become self-employed/entrepreneurs. Due to extensive awareness and implementation activities undertaken by the government and more economical financing products of the government, our target clients may have better access and may prefer participation in such schemes over our financial products which may negatively impact our business and result of operations. Further, the ability of financial institutions participating in government schemes to provide lower cost financial assistance under these schemes as a result of funding provided by the government may adversely affect our business, results of operations and financial condition.

Additionally, we are subject to the potential increase in competition brought about by changes in the laws and regulations governing our business and those adjacent to ours. We cannot assure you that changes in the relevant laws and regulations in the future may not result in an increase in competition from other players and impact the way we conduct our business in respect of, among others, branch opening licensing requirements, prudential norms for various loan products and monthly interest servicing.

Liberalization of the Indian financial services sector could also lead to a greater presence or new entries of Indian and foreign banks, NBFCs, and other entities operating in the financial services sector offering a wider range of products and services. This could adversely affect our competitive environment. There can be no assurance that we will be able to react effectively to these or other market developments or compete effectively with new and existing players in the sector in which we operate. Increasing competition may also result in slower growth and a reduction in our net interest margin and market share, and consequently may have an adverse effect on our results of operations and financial condition.

Our inability to compete effectively in the increasingly competitive market may adversely affect our net interest margins, income and market share.

Any failure or significant weakness of our internal processes or systems could cause operational errors or incidents of fraud, which would adversely affect our business, profitability and reputation.

Our internal audit functions make an evaluation of the adequacy and effectiveness of our internal risk management, control and governance processes. Our Company has a team of 20 internal auditors, as of 31 March 2024, on a standalone basis, which works at the field level and functionally reports to our Chief Operating Officer, and operationally to our Executive Director, who subsequently reports to our Chairman cum Managing Director.

Our Company's branches are broadly audited at least once every three months with the reports being sent to the managers who have a direct responsibility for the unit/function being audited. Our Audit Committee is informed of the significant audit findings on a quarterly basis. While we periodically test and update our internal processes and systems, we are exposed to operational risks arising from the potential inadequacy or failure of internal processes or systems and our actions may not be sufficient to ensure effective internal checks and balances in all circumstances.

Our internal audit system and internal control procedures may not identify every instance of non-compliance or every suspicious transaction. Further, if any other internal system or process weaknesses are identified in the future, our actions may not be sufficient to identify the root cause and correct such weakness. Owing to our volume of transactions and wide geographic presence, there may be lapses in timely completion of internal audit as per the schedule. It is possible that errors may repeat or compound before they are discovered and rectified. Failures or material errors in our internal systems may lead to events such as inaccurate financial reporting, fraud and failure of critical systems and infrastructure.

Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations, cash flows and financial condition.

Our operations are subject to various risks inherent to the finance industry, as well as fraud, theft, robbery, acts of terrorism and other force majeure events. Our insurance policies may not provide adequate coverage in certain circumstances, such as credit loss, loss of profit and are subject to certain deductibles, exclusions and limits on coverage.

We cannot assure you that the terms of our insurance policies will be adequate to cover any damage or loss suffered by us or that such coverage will continue to be available on reasonable terms or will be available in sufficient amounts to cover one or more large claims, or that the insurer will not disclaim coverage as to any future claim. While we have not faced such an instance in the past, a successful assertion of one or more large claims against us that exceeds our available insurance coverage or changes in our insurance policies, including premium increases or the imposition of a larger deductible or coinsurance requirement, could adversely affect our business, financial condition, results of operations and cash flows.

We may not be able to identify, monitor and manage risks or effectively implement our risk management policies, which could adversely affect our business, financial condition and results of operations.

The effectiveness of our risk management is affected by the quality and timeliness of available data. We have devoted significant resources to develop and implement our risk management policies and procedures based on checks and balances required to manage various risks and intend to continue doing so in the future. However, there may be human errors in assessing the right data at the right time in order to develop or modify appropriate risk management policies and procedures. We have policies and procedures in place to measure, manage and control the various risks to which we are exposed, which include our asset management policy, credit policy, whistle blower and vigilance mechanism, fair

practices code, grievance redressal policy, internal guidelines on corporate governance, investment policy, risk management policy, IT policies and procedures, and KYC and anti-money laundering policy. Our Board of Directors and various Board Committees, including the Risk Management Committee, review our internal policies and procedures, including our risk management policies from time to time. We also depend on our information technology systems to assist us with our risk management functions, and carry out periodic audits on our security system to identify risk areas.

In addition, our policies and procedures to identify, monitor and manage risks may not be fully effective. Some of our risk management processes may not be automated and subject to human error, such as the process required to assess an applicant's income, expenses and other payment obligations. Some of our methods of managing risks are based on the use of observed historical market behaviour and may not accurately predict future risk exposures, which could be significantly greater than those indicated by the historical measures.

In addition, as we seek to expand the scope of our operations, we also face the risk of inability to develop commensurate risk management policies and procedures. Other risk management methods depend upon an evaluation of information regarding the markets we operate in, the borrowers we service and certain other matters, which may not be accurate, complete, up-to-date or properly evaluated in all cases. Our earnings are dependent upon the effectiveness of our management of changes in asset quality and risk concentrations, the accuracy of our underwriting, evaluation models and our critical accounting estimates and the adequacy of our allowances for loan losses. To the extent our assessments, assumptions or estimates prove inaccurate or not predictive of actual results, we could suffer higher than anticipated losses.

Any downgrade in our Company's credit ratings could increase our borrowing costs, affect our ability to obtain financing, and adversely affect our business, results of operations, cash flows and financial condition.

The cost and availability of capital depends in part on our short-term and long-term credit ratings. Set forth below are details of our Company's credit ratings in the three preceding Fiscals with M/s Infomerics Valuation and Rating Pvt. Ltd. assigning the following rating to the Company's instruments:

Instrument	**Rating**		
	As of 31 March		
	2022	**2023**	**2024**
Fund Based Facilities from Banks-Long Term	IVR AA-/Stable Outlook	IVR AA-/Stable Outlook	IVR AA/Stable Outlook
Non-Convertible Debentures	IVR AA-/Stable Outlook	IVR AA-/Stable Outlook	IVR AA/Stable Outlook
Commercial Paper	NA	IVR A1+	IVR A1+

As set forth above, there have been instances of upgrading in the fiscals 2024. For instance, on 15.09.2023 upgraded our Company's credit rating from "IVR AA-/Stable Outlook" to "IVR AA/Stable Outlook" on account of Increase in Business Income. Any further downgrade in our Company's credit ratings in the future could also increase borrowing costs or even result in an event of default under certain of our financing arrangements and adversely affect our access to both domestic and international capital and debt markets, which could in turn adversely affect our interest margins, cash flows and our business. In addition, any downgrade in our credit ratings could result in a recall of existing facilities, increase the probability that our lenders impose additional terms and conditions to any financing or refinancing arrangements we enter into in the future and impair our ability to raise new capital on a competitive basis, which may adversely affect our business, results of operations, cash flows and financial condition.

Industry information included in this Offering Circular has been derived from an industry report prepared by Grant Thornton Bharat and exclusively commissioned and paid for by us for such purpose.

Certain information regarding the industry and the market in which our Company operates, included in this Offering Circular has been derived from the report titled "Industry Outlook Report for Paisalo" dated August 2024 prepared by Grant Thornton Bharat appointed and exclusively commissioned by our Company at an agreed fees to be paid by our Company.

The report is a paid report, and exclusively commissioned for the purposes of the Issue, and is subject to various limitations and based upon certain assumptions, parameters and conditions that are subjective in nature. It also uses certain methodologies for market sizing and forecasting which may or may not be accurate.

Industry sources and publications are also prepared based on information as of specific dates. Further, there is no assurance that such information has been compiled or presented on the same basis as may be presented elsewhere. In addition, statements from third parties that involve estimates, projections, forecasts and assumptions are subject to change, and actual amounts may differ materially from those included in this Offering Circular. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced for other economies and should not be unduly relied upon.

The Report is not exhaustive and is based on certain assumptions, parameters and conditions. The data and statistics in the Report may be inaccurate, incomplete or unreliable. Thus, we can not assure you of the correctness, accuracy and completeness of such data.

Investors should consult their own advisors and undertake an independent assessment of information in this Offering Circular based on, or derived from, the "Industry Outlook Report for Paisalo" before making any investment decision regarding the Issue.

Certain of our Directors are on the board of directors of companies engaged in a line of business similar to that of ours. Any conflict of interest that may occur as a result could adversely affect our business, financial condition, results of operations and cash flows.

Certain of our Directors are on the board of directors of companies engaged in a line of business similar to ours. These entities may provide comparable services, expand their presence, solicit our employees or acquire interests in competing ventures in the locations or segments in which we operate. A conflict of interest may occur between our business and the business of such entities, which could have an adverse effect on our business, financial condition, results of operations and cash flows.

As of the date of this Offering Circular, our application for trademark of our name and logo remains pending. We may be unable to adequately protect our intellectual property and may be subject to risks of infringement claims.

As of the date of this Offering Circular, we have applied for registration of trademark for our logo with the Trade Marks Registry of India. We cannot assure you that such registration will be granted in a timely manner or at all. Our applications may be challenged and we may have no recourse against parties who use our name and logo till such time as these trademarks are registered. There can be no assurance that third parties will not infringe upon our intellectual property, causing damage to our business prospects, reputation, and goodwill.

While we take care to ensure that we comply with the intellectual property rights of third parties, we cannot determine with certainty whether we are infringing upon any existing third-party intellectual property rights. We cannot assure you that we will not be involved in intellectual property disputes in the future, including disputes relating to our pending trademark applications. Any intellectual property

claims, with or without merit, could be very time-consuming, could be expensive to settle or litigate and could divert our management's attention and other resources. These claims could also subject us to significant liability for damages, potentially including enhanced statutory damages if we are found to have wilfully infringed intellectual property rights. While such claims by third parties have not been made to us historically, the occurrence of any of the foregoing would adversely affect our business operations and financial results.

We may not be able to detect money-laundering and other illegal or improper activities fully or on a timely basis, which could expose us to additional liability.

We are required to comply with applicable anti-money-laundering ("**AML**") and anti-terrorism laws and other regulations in India. In the ordinary course of our operations, we run the risk of failing to comply with the prescribed KYC procedures and the consequent risk of fraud and money laundering by dishonest customers and assessment of penalties or imposition of sanctions against us for such compliance failures despite having implemented systems and controls designed to prevent the occurrence of these risks. Although we believe that we have adequate internal policies, processes and controls in place to prevent and detect any AML activity and ensure KYC compliance, such as biometric based customer identification process, QR based Aadhaar KYC authentication, there can be no assurance that we will be able to fully control instances of any potential or attempted violation by other parties and may accordingly be subject to regulatory actions including imposition of fines and other penalties by the RBI and other relevant governmental authorities to whom we report. There can be no assurance that any action will not be taken by the regulatory authorities in the future in case of any incidence of money laundering or fraud. If any party uses or attempts to use us for money-laundering or any other illegal or improper purposes and such attempts are not detected or reported to the appropriate authorities in compliance with applicable legal requirements, our reputation could suffer and could result in a material adverse effect on our business, financial condition and results of operations.

Some of our corporate records are not traceable. Non availability of such records may result in regulatory actions against our Company by regulatory or statutory authorities, which may have an adverse impact on our financial condition and reputation.

We are unable to trace, basis our review of the records available with the Company and further search conducted by practising company secretary, certain corporate records in relation to our Company.

While the liability if any is not likely to be material, we cannot assure you that the above-mentioned corporate records will be available in the future, and that we will not be subject to any proceedings initiated by any regulatory or statutory authority (including the RoC) in this respect. Any actions including legal proceedings if initiated by regulatory or statutory authorities, may have an adverse effect on our financial condition or reputation.

All of our branches are located on leased premises. The termination of any of these leases or our inability to exercise our rights under the lease agreements may cause disruption in our operations.

All our branch offices are located on leased premises. Although we have renewed the majority of our leases in the past, our business, financial condition, and operating results could be adversely affected if we are unable to negotiate favourable lease renewal terms for our existing branches. Some of the lease deeds have expired in the ordinary course of business and we are currently involved in negotiations for the renewal of these lease and license agreements.

In case of non-renewal of our leases for our existing branches, we will be forced to procure alternative space for our existing branches. Although we procure space that satisfies the safety, operational and financial criteria for our branches, we cannot assure you that we will be able to identify such space at commercially reasonable terms or at all. Failure to identify such space can adversely affect our financial condition and results of operation. Further, any breach of the terms and conditions of these lease agreements could result in the termination of the lease agreements and force us to establish operations at another location, which may disrupt our operations temporarily. Additionally, we cannot assure you

that all the lease agreements for our branches are adequately stamped and registered as per the requirements of applicable laws. Unless such documents are adequately stamped or duly registered, such documents may be rendered inadmissible as evidence in a court in India or may not be authenticated by any public officer and the same may attract penalty as prescribed under applicable law or may impact our ability to enforce these agreements legally, which may result in an adverse effect on the continuance of our operations and business.

Our branches and our employees operating in remote areas are exposed to antisocial elements which may adversely affect our business, operations and ability to recruit and retain employees.

Since our operations are spread to remote areas, our employees involved in cash collection and transportation may be susceptible to criminal elements in such areas. While we have not faced any major challenge in the past, in the event, barring a few incidents of theft, an adverse incidence may happen in the future affecting our ability to continue our operations in such areas. In addition, if we determine that certain areas pose a significantly higher risk of crime or political strife and instability, our ability to operate in such areas may be adversely affected. We have in the past, consciously avoided setting up operations in certain remote areas as a result of high crime rate in these areas.

Our business is subject to seasonal volatility, which may contribute to fluctuations in our results of operations and financial condition.

Our business operations and the industry may be affected by seasonal trends in the economy. We generally see higher borrowings and drawdowns by our borrowers during the third and fourth quarter of each Fiscal due to increased economic activity towards the end of the Fiscal owing to the harvest season in rural areas in India. Further, there is typically an increase in retail economic activity in India during the period from October to March, due to several holiday periods, festivals and improved weather conditions, resulting in higher volumes of business during this period. Any significant event such as unforeseen floods, earthquakes, political instabilities, epidemics or economic slowdowns during this peak season would materially and adversely affect our results of operations and growth. During these periods, we may continue to incur operating expenses, but our income from operations may be delayed or reduced.

Our Company may not be able to pay dividends in the future. Our ability to pay dividends in the future will depend upon regulatory stipulations, our future earnings, financial condition, cash flows, and capital expenditures and the terms of our financing arrangements.

The RBI through its circular on 'Declaration of dividends by NBFCs' dated 24 June 2021, prescribed guidelines for declaration of dividend from the profits of the Fiscal ending 31 March 2022 onwards, providing among other things, eligibility criteria on different parameters such as capital adequacy and quantum of dividend payable, including prescribed ceilings on dividend payout ratio, among others. Any dividends to be declared and paid in the future are required to be recommended by our Company's Board of Directors and approved by its Shareholders, at their discretion, subject to the provisions of the Articles of Association and applicable law, including the Companies Act. Our Company's ability to pay dividends in the future will depend upon regulatory restrictions on dividend distribution, our future results of operations, financial condition, cash flows, sufficient profitability, working capital requirements and capital expenditure requirements. While we have historically declared dividend in the past, we cannot assure you that we will generate sufficient revenues to cover our operating expenses and, as such, pay dividends to our Company's shareholders in future. For further details, see "*Dividend Policy*".

We may have difficulties in managing our operating expenses structure in the case of a decline in volume of disbursement and the size of our AUM.

In cases of significant reduction in new disbursements and any significant reduction in our business, we may not be able to adjust our employee numbers commensurately and reduce our employee benefits expenses in a relatively shorter period. Our employee benefits expenses derived from our Financial

Statements amounted to ₹2331.83 lakhs, ₹2575.45 lakhs, ₹3467.12 lakhs, and ₹4902.77 lakhs accounting for 6.74%, 6.57%, 7.33%, and 7.44% of our total income for the Fiscals 2021, 2022 and 2023 and for the year ended 31 March 2024 respectively. Other large components of our operating expenses include advertisement and business promotion expenses, travelling expenses and legal expenses and professional fees, which may be difficult to reduce quickly.

Further, our existing borrowers may prefer to obtain credit from our competitors over us, or we may incur additional costs on training new employees if our skilled employees decide to leave us. It may take us a longer period of time than is optimal in order to adjust our employee numbers or reduce the associated personnel costs, in the event of any significant reduction in our business. Our inability to retain sufficient flexibility in our cost structure and adjust to changing business circumstances may adversely affect our business and results of operations.

We have in this Offering Circular included certain non-GAAP financial measures and certain other industry measures related to our operations and financial performance. These non-GAAP measures and industry measures may vary from any standard methodology that is applicable across the financial services industry, and therefore may not be comparable with financial or industry related statistical information of similar nomenclature computed and presented by other companies.

Certain non-GAAP financial measures and certain other industry measures relating to our operations and financial performance have been included in this Offering Circular. We compute and disclose such non-GAAP financial measures and such other industry related statistical information relating to our operations and financial performance as we consider such information to be useful measures of our business and financial performance, and because such measures are frequently used by securities analysts, investors and others to evaluate the operational performance of players in the Indian financial services industry, many of which provide such non-GAAP financial measures and other industry related statistical and operational information. Such non-GAAP financial measures may be different from financial measures and statistical information disclosed or followed by other NBFCs. Such supplemental financial and operational information is therefore of limited utility as an analytical tool, and investors are cautioned against considering such information either in isolation or as a substitute for an analysis of our audited financial statements as reported under applicable accounting standards disclosed elsewhere in this Offering Circular.

These non-GAAP financial measures and such other industry related statistical and other information relating to our operations and financial performance may not be computed on the basis of any standard methodology that is applicable across the industry and therefore may not be comparable to financial measures and industry related statistical information of similar nomenclature that may be computed and presented by other companies.

Significant differences exist between Ind AS used to prepare our financial information and other accounting principles, such as U.S. GAAP and IFRS, which investors may be more familiar with and may consider material to their assessment of our financial condition.

The Audited Financial Statements and the Unaudited Interim Financial Statements included in this Offering Circular have been prepared and presented in conformity with Ind AS, which differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles with which prospective investors may be familiar in other countries. We have not attempted to quantify the impact of U.S. GAAP or IFRS on the financial data included in this Offering Circular, nor do we provide a reconciliation of our financial statements to those of U.S. GAAP or IFRS. U.S. GAAP and IFRS differ in significant respects from Ind AS. Accordingly, the degree to which the Ind AS financial statements, included in this Offering Circular will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. If our financial statements were to be prepared in accordance with such other accounting principles, our results of operations, cash flows and financial position may be substantially different. Prospective investors should review the accounting policies applied in the preparation of our financial statements and consult their own professional advisers for an understanding of the differences between these accounting principles and those with which they

may be more familiar. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in this Offering Circular should be limited accordingly.

The objects of the Issue have not been appraised by any bank or financial institution. Our funding requirements and proposed deployment of the Net Proceeds are based on management estimates and may be subject to change based on various factors, some of which are beyond our control.

We intend to use the Net Proceeds of the Issue for the purpose as described in "*Use of Proceeds*". Our funding requirements and deployment of the Net Proceeds are based on internal management estimates and current market conditions and have not been appraised by any bank or financial institution or other independent agency. It is subject to amendment due to changes in external circumstances, costs, other financial condition or business strategies. We operate in a highly competitive and dynamic industry and may need to revise our estimates from time to time based on changes in external circumstances or costs, or changes in other financial conditions, business or strategy. This may entail rescheduling, revising or cancelling planned expenditure and funding requirements at our discretion. In case of increase in actual expenses or shortfall in requisite funds, additional funds for a particular activity will be met by any means available to us, including internal accruals and additional equity and/or debt arrangements, and may have an adverse impact on our business, financial condition, results of operations and cash flows.

EXTERNAL RISKS AND RISK RELATING TO INDIA

Foreign investors are subject to requirements under Indian foreign investment laws, including Press Note 3 of 2020 issued by Department for Promotion of Industry and Internal Trade, Government of India.

Foreign investment in Indian securities is subject to rules, regulations and policies framed by Indian regulatory authorities (including the Government of India and the Reserve Bank of India). Press Note 3 of 2020 ("**Press Note 3**"), dated 17 April 2020, was issued by the Department for Promotion of Industry and Internal Trade, Government of India pursuant to a review by Government of India of the extant foreign direct investment ("**FDI**") policy for curbing opportunistic takeovers/acquisitions of Indian companies due to the COVID-19 pandemic. Press Note 3 states that all investments under the foreign direct investment route by entities of a country which shares a land border with India or where the beneficial owner of an investment into India is situated in or is a citizen of any such country, will require prior approval of the Government of India. Further, in the event of transfer of ownership of any existing or future foreign direct investment in an entity in India, directly or indirectly, resulting in the beneficial ownership falling within the aforesaid restriction/purview, such subsequent change in the beneficial ownership will also require approval of the Government of India. Furthermore, on 22 April 2020, the Ministry of Finance, Government of India has also made similar amendments to the Foreign Exchange Management (Non-debt Instruments) Rules, 2019. Further, neither the Consolidated FDI Policy nor the Foreign Exchange Management (Non-debt Instruments) Rules, 2019 currently provide a definition of the term "beneficial owner". While it is possible that clarifications may come forth from the Government of India in future in this regard, there is no assurance of the same and in absence thereof, the ambiguity regarding the interpretation of "beneficial owner" under Press Note 3 and enforcement of this regulatory change would continue.

Any investor that does not comply with the provisions of Press Note 3 (as may be amended from time to time) would not be in a position to subscribe to the Bonds, acquire the Bonds after they have been issued or subscribe to the Shares upon conversion of the Bonds.

In light of the above, the Bondholders seeking to (i) subscribe to the Bonds, (ii) acquire the Bonds after they have been issued, and/or (iii) exercise their conversion rights and acquire Shares will be deemed to have made and will be required to make certain representations and/or provide certifications that they are in compliance with applicable Indian foreign investment regulations, including but not limited to Press Note 3. See Condition 3.7 of "*Terms and Conditions of the Bonds*" and "*Notice to Investors*". Any further adverse change in the foreign investment restrictions in India may be onerous and may adversely affect foreign investors.

A slowdown in economic growth in India may adversely affect our business and results of operations.

Our financial performance and the quality and growth of our business depend significantly on the health of the overall Indian economy, the gross domestic product growth rate and the economic cycle in India. A substantial portion of our assets and employees are located in India, and we intend to continue to develop and expand our facilities in India.

Our performance and the growth of our business depend on the performance of the Indian economy and the economies of the regional markets we currently serve. These economies could be adversely affected by various factors, such as the impact of COVID-19, political and regulatory changes including adverse changes in liberalisation policies, social disturbances, religious or communal tensions, terrorist attacks and other acts of violence or war, natural calamities, interest rates, commodity and energy prices and various other factors. For instance, for the six-month period ended 30 June 2020, India's GDP contracted by 7.5%, primarily on account of the spread of COVID -19. Any slowdown or perceived slowdown in these economies could adversely affect the ability of our customers to afford our services, which in turn would adversely impact our business and financial performance and results of operations.

Any adverse change in India's credit rating by an international rating agency could materially adversely affect our business and profitability.

Our outstanding debt is mostly domestic. Any adverse credit rating outlook on India would impact the country's outlook and cascade into interest rate and currency depreciation. In September 2014, S&P affirmed the "BBB minus" sovereign credit rating on India and revised the outlook on India's long-term rating from "negative" to "stable", citing improvement in the Government's ability to implement reforms and encourage growth, which in turn would lead to improving the country's fiscal performance. In April 2015, Moody's revised India's sovereign rating outlook from "stable" to "positive" and retained the long-term rating at "Baa3" as it expected actions of policymakers to enhance India's economic strength in the medium term. In July 2016, Fitch revised its outlook for the Indian banking sector to "Negative" from "Stable" due to the increase in nonperforming loans. In November 2017, Moody's has raised India's credit rating from the lowest investment grade of Baa3 to Baa2 and changed the outlook to stable from positive. In November 2019, Moody's cut India's rating outlook to negative, while retaining the rating to Baa2, citing worsening shadow banking crunch, prolonged slowdown in the economy and rising public debt.

Further, on 1 June 2020, Moody's downgraded Government of India's foreign currency and local currency long-term issuer ratings to "Baa3" from "Baa2" while maintaining the "negative outlook" due to relatively weak implementation of reforms since 2017, sustained period of relatively low growth, significant deterioration in the fiscal position of the government and the rising stress in the financial sector. On 18 June 2020, Fitch Ratings downgraded the outlook on India's long-term foreign currency Issuer Default Rating to "negative" from "stable" and affirmed the rating at BBB-. This was due to the coronavirus pandemic having significantly weakened India's growth outlook for the year and the challenges associated with a high public debt burden.

There can be no assurance that these ratings will not be further revised or changed by S&P, Fitch or Moody's or that any of the other global rating agencies will not downgrade India's credit rating. As our foreign currency ratings are pegged to India's sovereign ratings any adverse revision to India's credit rating for international debt will have a corresponding effect on our ratings. Therefore, any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely impact our ability to raise additional financing and the interest rates and other commercial terms at which such financing is available. Any of these developments may materially and adversely affect our business, cash flows, financial condition and results of operations.

If inflation were to rise in India, we might not be able to increase the prices of our products at a proportional rate in order to pass costs on to our customers and our profits might decline.

Inflation rates in India have been volatile in recent years, and such volatility may continue in the future. In recent months, consumer and wholesale prices in India have exhibited subdued inflationary trends, as the result of a decrease in crude oil prices, lower international commodity prices, and lower domestic food prices. The headline inflation declined from 3.6% (average) in FY 2018 to 3.4% (average) in FY 2019, and increased to 4.8% (average) in FY 2020. Although the decrease in crude oil and other commodity prices in recent months have exhibited lower inflationary trends, in the past there have been several periods of sharp increases in global crude oil prices since 2004 due to increased demand and speculation and pressure on production and refinery capacity, and political and military tensions in key oil-producing regions, among other factors. Any increased volatility in the rate of inflation domestically or in global commodity prices, in particular oil and steel prices, could adversely affect our Company's borrowers and contractual counterparties. We cannot predict the duration of these negative events and their ongoing impact on Indian economy.

Although the RBI has enacted certain policy measures designed to curb inflation, these policies may not be successful. As our business consists of sizable contributions from the retail and agricultural segments, any slowdown in the growth of the housing, automobile or agricultural sectors could increase the cost of servicing our non-Rupee-denominated debt, and adversely impact our business, financial conditions and results of operations.

In the event of increasing inflation in India, our costs, such as operating expenses, may increase, which could have an adverse effect on our business, results of operations, cash flows and financial condition.

We may be affected by competition laws, the adverse application or interpretation of which could adversely affect our business.

The Competition Act, 2002, of India, as amended ("**Competition Act**"), regulates practices having an appreciable adverse effect on competition in the relevant market in India ("**AAEC**"). Under the Competition Act, any formal or informal arrangement, understanding or action in concert, which causes or is likely to cause an AAEC is considered void and may result in the imposition of substantial penalties. Further, any agreement among competitors which directly or indirectly involves the determination of purchase or sale prices, limits or controls production, supply, markets, technical development, investment or the provision of services or shares the market or source of production or provision of services in any manner, including by way of allocation of geographical area or number of customers in the relevant market or directly or indirectly results in bid-rigging or collusive bidding is presumed to have an AAEC and is considered void. The Competition Act also prohibits abuse of a dominant position by any enterprise.

On 4 March 2011, the Government notified and brought into force the combination regulation (merger control) provisions under the Competition Act with effect from 1 June 2011. These provisions require acquisitions of shares, voting rights, assets or control or mergers or amalgamations that cross the prescribed asset and turnover based thresholds to be mandatorily notified to and pre-approved by the Competition Commission of India (the "**CCI**"). Additionally, on 11 May 2011, the CCI issued Competition Commission of India (Procedure for Transaction of Business Relating to Combinations) Regulations, 2011, as amended, which sets out the mechanism for implementation of the merger control regime in India.

The Competition Act aims to, among others, prohibit all agreements and transactions which may have an AAEC in India. Consequently, all agreements entered into by us could be within the purview of the Competition Act. Further, the CCI has extra-territorial powers and can investigate any agreements, abusive conduct or combination occurring outside India if such agreement, conduct or combination has an AAEC in India. However, the impact of the provisions of the Competition Act on the agreements entered into by us cannot be predicted with certainty at this stage. However, since we pursue an acquisition driven growth strategy, we may be affected, directly or indirectly, by the application or

interpretation of any provision of the Competition Act, or any enforcement proceedings initiated by the CCI, or any adverse publicity that may be generated due to scrutiny or prosecution by the CCI or if any prohibition or substantial penalties are levied under the Competition Act, it would adversely affect our business, results of operations, cash flows and prospects.

Companies operating in India are subject to a variety of taxes and surcharges.

Tax and other levies imposed by the central and state governments in India that affect our tax liability include central and state taxes and other levies, income tax, value added tax, turnover tax, service tax, stamp duty, tax on dividends and other special taxes and surcharges which are introduced on a temporary or permanent basis from time to time. Moreover, the central and state tax scheme in India is extensive and subject to change from time to time. The central or state government may in the future increase the corporate income tax it imposes. Any such future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. Additional tax exposure could adversely affect our business, cash flows and results of operations.

The taxation system in India could adversely affect our business, prospects, financial condition and results of operations.

The Government of India implemented a comprehensive national goods and services tax ("**GST**") regime with effect from 1 July 2017, that combined multiple taxes and levies by the Central and State Governments into a unified tax structure. Our business and financial performance could be adversely affected by any unexpected or onerous requirements or regulations resulting from the introduction of GST or any changes in laws or interpretation of existing laws, or the promulgation of new laws, rules and regulations relating to GST, as it is implemented.

The Government has enacted the GAAR provisions which have come into effect from 1 April 2017. The tax consequences of the GAAR provisions being applied to an arrangement could result in denial of tax benefit amongst other consequences. In the absence of any precedents on the subject, the application of these provisions is uncertain. If the GAAR provisions are made applicable to any of the transaction undertaken by our Company, it may have an adverse tax impact on us; and

The Government of India has announced the union budget for Fiscal Year 2021 and the Ministry of Finance has notified the Finance Act, 2020 ("**Finance Act**") on 27 March 2020, pursuant to assent received from the President, and the Finance Act has come into operation with effect from 1 July 2020. There is no certainty on the impact that the Finance Act will have on our business and operations or on the industry in which we operate. Any future increases or amendments may affect the overall tax efficiency of companies operating in India and may result in significant additional taxes becoming payable. If, as a result of a particular tax risk materialising, the tax costs associated with certain transactions are greater than anticipated, it could affect the profitability of such transactions.

Financial instability in other countries may cause increased volatility in Indian financial markets.

The Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly emerging market countries in Asia. Financial turmoil in Asia, Russia and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our business and our future financial performance. The global credit and equity markets have experienced substantial dislocations, liquidity disruptions and market corrections in recent years.

On 23 June 2016, the United Kingdom held a referendum on its membership of the European Union and voted to leave ("**Brexit**"). On 31 January 2020, the United Kingdom officially exited the European Union following a UK-EU Withdrawal Agreement signed in October 2019. The UK and the European Union had a transition period to negotiate, among others, trade agreements in details, which ended on 30 June 2024. In December 2020, the United Kingdom, the European Union and the European Atomic Energy Community concluded the EU-UK Trade and Cooperation Agreement, which is provisionally applicable since 1 January 2021 and awaits ratification by the European Parliament and the Council of the European Union and legal revision before it formally comes into effect. Given the lack of precedent and uncertainty of the negotiation, the effect of Brexit remains uncertain, and Brexit has and may continue to create negative economic impact and increase volatility in the global market.

These and other related events have had a significant impact on the global credit and financial markets as a whole, including reduced liquidity, greater volatility, widening of credit spreads and a lack of price transparency in the United States, Europe and global credit and financial markets.

In response to such developments, legislators and financial regulators in the United States, Europe and other jurisdictions, including India, have implemented several policy measures designed to add stability to the financial markets. However, the overall impact of these and other legislative and regulatory efforts on the global financial markets is uncertain, and they may not have the intended stabilising effects. In the event that the current adverse conditions in the global credit markets continue or if there is any significant financial disruption, this could have an adverse effect on our business and future financial performance.

A global or regional financial crisis could adversely affect our operations, cash flows, asset quality and growth.

Our business has been, and in the future will continue to be, materially affected by geo-political, economic and market conditions, including factors such as the liquidity of the global financial markets, the level and volatility of debt and equity prices, interest rates, currency and commodity prices, investor sentiment, inflation and the availability and cost of capital and credit.

There are a number of uncertainties ahead in the global markets (for example, future bilateral trade relations between the US and China). As of the date of this Offering Circular, India is also in an adjustment period, having been impacted by three consecutive shocks over the past three years, namely demonetisation, GST implementation, and financial sector stress.

In addition, an outbreak of a novel strain of coronavirus (i.e., COVID-19), which first emerged in Wuhan City, Hubei province, the PRC in late December 2019, has since spread to other parts of the world. The number of reported cases of COVID-19 worldwide, as well as the number of reported deaths as a consequence of COVID-19 worldwide, significantly exceed those observed during the SARS epidemic that occurred from November 2002 to July 2003. The COVID-19 outbreak could become more severe, which may in turn result in protracted volatility in international markets and/or result in a global recession as a consequence of disruptions to travel and retail segments, tourism, and manufacturing supply chains. In particular, the COVID-19 outbreak has caused significant volatility in stock markets worldwide and has impacted economic activity in Asia and worldwide. A number of governments revised GDP growth forecasts for 2020 downward in response to the economic slowdown caused by the spread of COVID-19, and it is possible that the outbreak of COVID-19 will cause a prolonged global economic crisis or recession. Any of these factors may have a material adverse effect on our financial condition and results of operations.

Inflationary pressures in emerging markets and Asia are likely to ease on the back of slower global growth. Whilst this gives more leeway for an accommodative stance on monetary policy, central bankers would still have to weigh a decision to cut rates against the need to stabilise their currencies against depreciation pressures.

The implications for the world and us are significant. First, a rise in global trade protectionism will negatively impact the trade-dependent economies in Asia. Second, the interplay between U.S. fiscal policies vis-à-vis monetary policies pursued by other central banks, particularly those in the emerging markets, may lead to more volatile global capital flows. Third, while our direct exposures outside the Indian financial markets are relatively modest, financial market volatility and increased uncertainty may have a broader global economic impact that may in turn have a material adverse effect on our business, cash flows, financial condition and results of operations.

Investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both emerging and developed economies which leads to risks for all financial institutions, including us. We remain subject to the indirect economic effect of any potential tightening in global credit conditions, some of which cannot be anticipated and the vast majority of which are not under its control. We also remain subject to counterparty risk arising from financial institutions that can fail or are otherwise unable to meet their obligations under their contractual commitment to us.

A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and indirectly in the Indian economy in general. Any worldwide financial instability in the global markets could have a negative influence on the Indian economy. While legislators and financial regulators across the globe have implemented several measures designed to add stability to the financial markets, these may not have the intended stabilising effects. Furthermore, in several parts of the world, there are signs of increasing retreat from globalisation of goods, services and people, as pressure for the introduction of a protectionist regime is building and such developments could adversely affect the Indian economy. In the event that the current adverse conditions in the global credit markets continue or if there are any significant financial disruption, this could have an adverse effect on our business, cash flows, financial condition, results of operations.

Civil unrest, acts of violence including terrorism or war involving India and other countries could materially and adversely affect the financial markets and our business.

Civil unrest, acts of violence including terrorism or war, may negatively affect the Indian stock markets and also materially and adversely affect the worldwide financial markets. These acts may also result in a loss of business confidence, make travel and other services more difficult and ultimately materially and adversely affect our business. Although the governments of India and neighbouring countries have recently been engaged in conciliatory efforts, any deterioration in relations between India and neighbouring countries might result in investor concern about stability in the region, which could materially and adversely affect our business, results of operations, cash flows and financial condition.

Investors may have difficulty enforcing foreign judgments in India against the Company or its management.

The Company was constituted under the Companies Act, 1956. Substantially all of the Company's directors and executive officers named herein are residents of India and a substantial portion of the assets of the Company and such persons are located in India. As a result, it may not be possible for investors outside of India to effect service of process on the Company or such persons from their respective jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities of the Company or such directors and executive officers under laws other than Indian Law. For more information on the enforcement of civil liabilities in India, please see the section entitled "*Enforcement of Civil Liabilities*".

Financial difficulty and other problems in certain financial institutions in India could adversely affect our business, results of operations, cash flows and financial condition.

As a non-banking finance company, we are exposed to the risks of the Indian financial system which may be affected by the financial difficulties faced by certain Indian financial institutions because the commercial soundness of many financial institutions may be closely related as a result of credit, trading, clearing or other relationships. This risk, which is sometimes referred to as "systemic risk", may

adversely affect financial intermediaries, such as clearing agencies, banks, securities firms and exchanges with whom we interact on a daily basis. Any such difficulties or instability of the Indian financial system in general could create an adverse market perception about Indian financial institutions and banks and adversely affect our business, results of operations, cash flows and financial condition. As the Indian financial system operates within an emerging market, it faces risks of a nature and extent not typically faced in more developed economies, including the risk of deposit runs notwithstanding the existence of a national deposit insurance scheme.

Any volatility in the exchange rate and increased intervention by the RBI in the foreign exchange market may lead to a decline in India's foreign exchange reserves and may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

One of the direct adverse impacts of the global financial crisis on India has been the reversal of capital inflows and a decline in exports, leading to pressures on the balance of payments and a sharp depreciation of the Indian Rupee vis-à-vis the U.S. dollar. Any increased intervention by the RBI in the foreign exchange market to control the volatility of the exchange rate may result in a decline in India's foreign exchange reserves and reduced liquidity and higher interest rates in the Indian economy, which could adversely affect our business and our future financial performance.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact us.

A decline in India's foreign exchange reserves could affect the liquidity and result in higher interest rates in the Indian economy, which could adversely affect our business, future financial performance, results of operations and financial condition.

Natural disasters and other disruptions could adversely affect the Indian economy and could adversely affect our business, results of operations, cash flows and financial condition.

Our operations, including our branch network, may be damaged or disrupted as a result of natural disasters such as earthquakes, floods, heavy rainfall, epidemics, tsunamis and cyclones and other events such as protests, riots and labour unrest. Such events may lead to the disruption of information systems and telecommunication services for sustained periods. They also may make it difficult or impossible for employees to reach our business locations. Damage or destruction that interrupts our provision of services could adversely affect our reputation, our relationships with our customers, our senior management team's ability to administer and supervise our business or it may cause us to incur substantial additional expenditure to repair or replace dam aged equipment or rebuild parts of our branch network. Any of the above factors may adversely affect our business, results of operations, cash flows and financial condition.

An outbreak of an infectious disease or any other serious public health concerns in India or elsewhere could adversely affect our business.

The outbreak of an infectious disease in India or elsewhere or any other serious public health concern could have a negative impact on the global economy, financial markets and business activities worldwide, which could adversely affect our business. There is no assurance that a future outbreak of an infectious disease or any other serious public health concern will not have a material adverse effect on our business.

India's infrastructure may be less developed than that of many developed nations.

India's infrastructure may be less developed than that of many developed nations, and problems with its port, rail and road networks, electricity grid, communication systems or other public facilities could disrupt our normal business activity and the real estate industry in India with which our business is closely inter-related. Any material deterioration of India's infrastructure, including technology and telecommunications, adds costs to doing business in India. These problems could interrupt our business

operations and reduce demand for our services, which could have an adverse effect on our business and results of operations.

There may be less information available about the companies listed on the Indian securities markets compared with information that would be available if we were listed on securities markets in certain other countries.

There may be differences between the level of regulation and monitoring of the Indian securities markets and the activities of investors, brokers and other participants in India and that in the markets in the United States and certain other countries. SEBI is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may, however, be less publicly available information about companies listed on an Indian stock exchange compared with information that would be available if that company was listed on a securities market in certain other countries. As a result, investors may have access to less information about the business, results of operations, cash flows and financial conditions, and those of the competitors that are listed on BSE and NSE and other stock exchanges in India on an on-going basis than you may find in the case of companies subject to reporting requirements of other more developed countries.

RISKS RELATING TO THE BONDS AND THE SHARES

Bondholders may face uncertainties in their ability to convert Bonds into Shares and any such conversion may be subject to delay.

India's restrictions on foreign ownership of Indian companies limit the number of shares that may be owned by foreign investors and, in certain scenarios, require the Government's approval for foreign ownership. Investors who convert Bonds into Shares will be subject to Indian regulatory restrictions on foreign ownership upon such conversion. It is possible that this conversion process may be subject to delays.

Bondholders will have no rights as Shareholders until they acquire the Shares upon conversion of the Bonds.

Unless and until the Bondholders acquire the Shares upon conversion of the Bonds, they will have no rights with respect to the Shares, including any voting rights or rights to receive any regular dividends or other distributions with respect to the Shares. Bondholders who acquire Shares upon the exercise of a Conversion Right will be entitled to exercise the rights of holders of Shares only as to actions for which the applicable record date occurs after the date of conversion of the Bonds to Shares.

There are limitations on the ability of Bondholders to exercise conversion rights.

The Bonds are convertible into Shares at the option of the Bondholders pursuant to the terms of the Bonds. Bondholders will be able to exercise their conversion right only within the Conversion Period (as defined in the Conditions) specified in the Bonds and will not be able to exercise their conversion right during the Closed Periods (as defined in the Conditions). In addition, conversion rights may not be exercised during certain other limited periods. See "*Terms and Conditions of the Bonds*". As such, a Bondholder's ability to exercise Conversion Rights will be restricted during these periods.

It may take up to 10 trading days after the relevant Conversion Date before the Shares arising from the conversion of the Bonds are listed on BSE and NSE and credited to your securities account.

The Issuer has undertaken to cause, as soon as practicable, and in any event not later than 10 Trading Days (as defined in the Conditions) after the applicable Conversion Date, the relevant securities account of the Bondholder exercising his Conversion Right, or of his nominee, to be credited with the Shares arising from the conversion of the Bonds. The Issuer has also undertaken in the Trust Deed to use its best endeavours to obtain and maintain a listing for all the Shares issued on the exercise of Conversion

Rights on NSE and BSE. Shares issued upon conversion of the Bonds will have to be listed on NSE and BSE before they are tradable on such stock exchanges, which listing is expected to occur within 10 Trading Days after the relevant Conversion Date. The Issuer will make due application in respect of such listing within three Trading Days following the relevant Conversion Date. However, there is no assurance that the approval of the BSE and the NSE will be obtained within such a time frame. If there is any delay in obtaining the approval of NSE and BSE to list such Shares, such Shares shall not be tradable on BSE and NSE until the listing occurs.

Furthermore, between the date on which a Bondholder advises the Paying Agent and Conversion Agent of the intention to convert the Bonds into Shares and the date of allotment of the Shares to the Bondholder (being a date after NSE and/or BSE have granted their final approval for the Shares to be listed and traded), the price of the Shares may fluctuate and this may have an adverse effect on the price that the Bondholder anticipates to receive for the transfer of Shares.

Bondholders have limited anti-dilution protection.

The Conversion Price (as defined in the Conditions) of the Bonds will be adjusted in certain limited events as outlined in the Terms and Conditions of the Bonds (see "*Terms and Conditions of the Bonds – Conversion – Adjustments to the Conversion Price*"). There is no requirement that an adjustment will be made for every corporate or other event undertaken that may affect the value of the Shares. Events in respect of which no adjustment is made may adversely affect the market price of the Shares and, therefore, adversely affect the market price of the Bonds.

RBI approval is required for repayment of the Bonds in certain circumstances, including upon redemption or an Event of Default.

Under the guidelines on policies and procedures for external commercial borrowings issued by ECB, any prepayment of an external commercial borrowing prior to the minimum average maturity period of three years from the date of issuance of such borrowing, as prescribed under applicable Indian laws, requires the prior approval of the RBI. Therefore, any repayment of the Bonds within three years after the Issue Date as a result of early redemption pursuant to Condition 8 (including any exercise by Bondholders of their right of redemption under Conditions 8.4, 8.5, 8.6 or 8.8) or acceleration of the Bonds pursuant to Condition 10 would require the prior approval of the RBI. There can be no assurance that such approval would be obtained in a timely manner or at all.

Anti-takeover provisions under Indian law could prevent or deter an entity from acquiring all or part of the business of one or more Indian companies of the Issuer.

The SEBI Takeover Regulations contains certain provisions that may delay, deter or prevent a future takeover or change in control. These provisions may discourage a third party from attempting to take control of the Issuer's business, even if a change in control would result in the purchase of the Bonds or the Shares at a premium to the market price or would otherwise be beneficial to the investor.

If the Issuer or any of its subsidiaries is unable to comply with the restrictions and covenants in its debt agreements, there could be a default under the terms of these agreements, which could cause repayment of its debt to be accelerated.

If we or any of our subsidiaries are unable to comply with the restrictions and covenants or our current or future debt obligations and other agreements, there could be a default under the terms of these agreements. In the event of a default under these agreements, the holders of such debt could terminate their commitments to lend, accelerate repayment of the debt and declare all outstanding amounts due and payable or terminate the agreements, as the case may be. As a result, a default under one debt agreement may cause the acceleration of repayment of not only such debt but also other debt, including the Bonds, or result in a default under our or our subsidiary's other debt agreements. If any of these events occur, there is no assurance that we will have sufficient assets and cash flow to repay in full all of our indebtedness, or that these would be able to find alternative financing. Even if we could obtain

alternative financing, we cannot guarantee that this would be on terms that are favourable or acceptable to us.

The Issuer may not have the ability to redeem the Bonds.

We may be required by the Bondholders, subject to certain conditions, to redeem some or all of their Bonds upon a transaction or event constituting a Change of Control Event, Relevant Event or Non-Permitted Conversion Price Adjustment as described under "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Change of Control put right*", "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Relevant Event Put Right*" and "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Repurchase of Bonds in the Event of Non-Permitted Conversion Price Adjustment*", respectively or at the option of the Bondholders as described under "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the option of Bondholders*". We may not be able to redeem such Bonds if the requisite regulatory approval is not received. In addition, we may not have sufficient funds or other financial resources to make the required redemption at such time or the ability to arrange necessary financing on acceptable terms, or at all. The Issuer's ability to redeem the Bonds in such event may also be limited by the terms of other debt instruments. Our failure to repay, repurchase or redeem tendered Bonds would constitute an Event of Default under the Bonds, which may also constitute a default under the terms of our other indebtedness.

The Bonds may be redeemed at the option of the Issuer, which may adversely affect the trading price and liquidity of the Bonds and may subject Bondholders to reinvestment risks.

Subject to certain conditions, the Bonds may be redeemed at the Issuer's option; see "*Terms and Conditions of the Bonds – Redemption, Purchase and Cancellation – Redemption at the option of the Issuer*". As a result, the trading price of the Bonds may be affected when this option of the Issuer becomes exercisable. Accordingly, Bondholders may not be able to sell their Bonds at an attractive price, thereby having a material adverse effect on the trading price and liquidity of the Bonds. In addition, the proceeds from the redemption of the Bonds may be reinvested by the Bondholders and the Bondholders may thereby be subject to additional risks associated with such reinvestment.

An active market for the Bonds may not develop, which may cause the price of the Bonds to fall.

The Bonds are a new issue of securities for which there is currently no trading market. The Company may apply for the bonds being issued pursuant to this Offering Circular to be listed on SGX-ST or an applicable stock exchange. No assurance can be given that an active trading market for the Bonds will develop or as to the liquidity or sustainability of any such market, the ability of holders of the Bonds to sell their Bonds or the price at which holders of the Bonds will be able to sell their Bonds. If an active market for the Bonds fails to develop or be sustained, the trading price of the Bonds could fall. If an active trading market were to develop, the Bonds could trade at prices that may be lower than the initial offering price of the Bonds. The Lead Manager has no obligation to make a market in the Bonds. In addition, the market for debt securities in emerging markets has been subject to disruptions that have caused substantial volatility in the prices of securities similar to the Bonds. There can be no assurance that a market for the Bonds, if any, will not be subject to similar disruptions, which may have an adverse effect on the market price of the Bonds.

Future issues or sales of the Shares may significantly affect the trading price of the Bonds or the Shares.

The future issue of Shares by us or the disposal of Shares by any of our major shareholders, or the perception that such issues or sales may occur, may significantly affect the trading price of the Bonds or the Shares. If, for example, we consummate one or more significant acquisitions through the issuance of the Shares, holders of Shares could suffer significant dilution of their ownership interests. There is no restriction on our ability to issue Shares or our shareholders ability to dispose of their Shares, and

there can be no assurance that we will not issue Shares or that any shareholder will not dispose of, encumber or pledge its Shares in the future.

Bondholders will bear the risk of fluctuation in the price of the Shares.

The market price of the Bonds is expected to be affected by fluctuations in the market price of the Shares and it is impossible to predict whether the price of the Shares will rise or fall. Trading prices of the Shares will be influenced by, among other things, our financial position, the results of operations and political, economic, financial and other factors. Any decline in the price of the Shares may have an adverse effect on the market price of the Bonds.

In addition, the market value of the Bonds or the Shares may fluctuate due to the volatility of the Indian securities market, which may be more volatile than the securities markets in other countries. Stock exchanges in India have, in the past, experienced substantial fluctuations in the prices of listed securities. The stock exchanges in India have experienced problems which, if they were to continue or recur, could affect the market price and liquidity of the securities of Indian companies, including the Bonds and the Shares. These problems have included broker defaults and settlement delays. Further, the potential dilution as a result of conversion of the Bonds into Shares is significant and may put pressure on the share price if a large number of Bondholders decide to convert and sell the Shares in the open market. In addition, the governing bodies of the various Indian stock exchanges have from time to time imposed restrictions on trading in certain securities, limitations on price movements and margin requirements. Furthermore, from time to time disputes have occurred between listed companies and stock exchanges and other regulatory bodies, which in some cases may have had a negative effect on market sentiment.

Short selling of the Shares by Bondholders could materially and adversely affect the market price of the Shares.

The issuance of the Bonds may result in downward pressure on the market price of the Shares. Investors in convertible securities may seek to hedge their exposure in the underlying equity securities, often through short selling of the underlying equity securities or similar transactions. Any short selling and similar hedging activity could place significant downward pressure on the market price of the Shares, thereby having a material adverse effect on the market value of the Shares owned by an investor as well as on the trading price of the Bonds.

Bondholders are bound by decisions of defined majorities in respect of any modification, waivers and substitution.

The Terms and Conditions of the Bonds contain provisions for calling meetings of Bondholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Bondholders, including Bondholders who did not attend and vote at the relevant meeting and Bondholders who voted in a manner contrary to the majority.

Modifications and waivers may be made in respect of the Terms and Conditions and the Trust Deed by the Trustee without the consent of the holders of the Bonds.

The Trust Deed provides that the Trustee may, without the consent of Bondholders, agree to any modification (other than those described in paragraphs (i) to (ix) of Condition 13.1 of the Bonds of the Trust Deed, any trust deed supplemental to the Trust Deed, the Bonds and/or the Agency Agreement, any agreement supplemental to the Agency Agreement, the Collateral Documents or the Conditions (except as mentioned in the Trust Deed), which in the sole and absolute opinion of the Trustee, may be proper to make, provided the Trustee is of the opinion that such modification is not materially prejudicial to the interests of Bondholders and to any modification of the Trust Deed, any trust deed supplemental to the Trust Deed, the Bonds, the Conditions, the Agency Agreement and/or any agreement supplemental to the Agency Agreement, which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or an error, which is, in the opinion of the Trustee, proven. In addition, the Trustee may (but shall not be obliged to), without the consent or sanction of the

Bondholders and without prejudice to its rights in respect of any subsequent breach, condition, event or act, from time to time and at any time, but only if and in so far as in its sole and absolute opinion the interests of the Bondholders shall not be materially prejudiced thereby, authorise or waive, on such terms and conditions (if any) as shall seem expedient to it, any breach or proposed breach of the Bonds or the Trust Deed (other than those described in paragraphs (i) to (ix) of Condition 13.1 of the Bonds).

The Trustee may request that the Bondholders provide an indemnity and/or security and/or prefunding to its satisfaction.

Pursuant to the terms of the Trust Deed, the Trustee is entitled to request the Bondholders to provide an indemnity and/or security and/or prefunding to its satisfaction before it takes any action on behalf of Bondholders. The Trustee shall not be obliged to take any such actions if it is not indemnified and/or secured and/or pre-funded to its satisfaction. Negotiating and agreeing to any indemnity and/or security and/or prefunding can be a lengthy process and may have an impact on when such actions can be taken. It may not be possible for the Trustee to take certain actions, whether in relation to the Bonds or the Collateral, and accordingly in such circumstances, notwithstanding the provision of an indemnity, prefunding and/or security to the Trustee, and it will be for Bondholders to take such actions directly.

In addition, the Trustee may refrain without liability from doing anything that would or might, in its opinion, be contrary to any law of any state or jurisdiction or any directive or regulation or fiscal requirement of any agency or any state, or the rules, operating procedures or market practice of any relevant stock exchange or other market or clearing system, result in it being in breach of any decree, order or judgment of any court or any arbitral award, or which would or might otherwise render it liable to any person and may without liability do anything which is, in its opinion, necessary to comply with any of the foregoing. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

Securities law restrictions on the resale and conversion of the Bonds and the resale of the Shares issuable upon their conversion may impact Bondholders' ability to sell the Bonds.

The Bonds and the Shares into which the Bonds are convertible have not been registered under the Securities Act, any state securities laws or the securities laws of any other jurisdiction. Unless and until they are registered, the Bonds and the Shares issuable upon conversion may not be offered, sold or resold except pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws. The Bonds are being offered and sold only in reliance on Regulation S under the Securities Act. The Issuer is not required to register the Bonds and the Shares into which the Bonds are convertible under the terms of the Bonds. Hence, future resales of the Bonds and the Shares into which Bonds are convertible may only be made pursuant to an exemption from registration under the Securities Act and applicable state laws or in a transaction not subject to such laws.

Future issues or sales of Shares or issues of securities convertible or exchangeable into Shares may significantly affect the trading price of the Bonds or the Shares and such issues or sales may not result in an adjustment to the Conversion Price pursuant to provisions in the Terms and Conditions of the Bonds and the Trust Deed.

A future issue of Shares by the Issuer or other securities convertible into, or exchangeable with, Shares, or the disposal of Shares by any of its major Shareholders including the Promoter, or the perception that such issues or sales may occur, may significantly affect the trading price of the Bonds or the Shares. There is no restriction on the Issuer's ability to issue Shares, and there can be no assurance that it will not issue Shares or that such issue will result in an adjustment to the Conversion Price pursuant to the provisions in the Terms and Conditions of the Bonds and the Trust Deed or that the major Shareholder will not dispose, pledge or otherwise encumber their Shares.

Changes in interest rates may have an adverse effect on the price of the Bonds.

The Bondholders may suffer unforeseen losses due to fluctuations in interest rates. Generally, a rise in interest rates may cause a fall in the prices of the Bonds, resulting in a capital loss for the Bondholders. However, the Bondholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, the prices of the Bonds may rise. The Bondholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

The return on the Bonds may decrease due to inflation.

The Bondholders may suffer erosion on the return of their investments due to inflation. The Bondholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Bonds. An unexpected increase in inflation could reduce the actual returns.

Exchange rate risks and exchange controls may affect an investor's returns on the Bonds.

We will pay principal and interest on the Bonds in U.S. dollars. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than U.S. dollars. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. dollar or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to U.S. dollars would decrease (i) the Investor's Currency-equivalent yield on the Bonds; (ii) the Investor's Currency-equivalent value of the principal payable on the Bonds; and (iii) the Investor's Currency- equivalent market value of the Bonds. Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less principal than expected, or no principal.

The Bonds will initially be represented by the Global Certificates and holders of a beneficial interest in the Global Certificates must rely on the procedures of the relevant clearing system.

The Bonds will initially be represented by the Global Certificates. The Global Certificates will be deposited with a common depositary for Euroclear and Clearstream. Except in the circumstances described in the Global Certificates, investors will not be entitled to receive definitive Bond certificates. The relevant clearing system will maintain records of the beneficial interests in the Global Certificates. While the Bonds are represented by the Global Certificates, investors will be able to trade their beneficial interests only through the clearing systems. While the Bonds are represented by the Global Certificates, we will discharge our payment obligations under the Bonds by making payments to the common depositary for Euroclear and Clearstream, for distribution to their account holders. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system to receive payments under the Bonds. We have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in such Global Certificate.

Holders of beneficial interests in the Global Certificates will not have a direct right to vote in respect of the Bonds. Instead, such holders will be permitted to act only to the extent that they are enabled by the relevant clearing system to appoint appropriate proxies.

The insolvency laws of India and other jurisdictions in which our subsidiary currently operates may differ from those of any other jurisdictions with which Bondholders are familiar.

Because we are incorporated under the laws of India, an insolvency proceeding relating to the Company, even if brought in other jurisdictions, would likely involve the insolvency laws of India, the procedural and substantive provisions of which may differ from comparable provisions of bankruptcy law in other jurisdictions. We also conduct operations through subsidiary. The laws and regulations relating to bankruptcy and insolvency in these countries and the legal proceedings in that regard may significantly

differ from those of other jurisdictions with which the Bondholders are familiar. Investors should analyse the risks and uncertainties carefully before investing in the Bonds.

Developments in other markets may adversely affect the market price of the Bonds.

The market price of the Bonds may be adversely affected by declines in the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. If developments similar to the sub-prime mortgage crisis in 2008 occur in the international financial markets in the future, the market price of the Bonds could be adversely affected.

The Bonds may not be a suitable investment for all investors.

Each potential investor in the Bonds must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Bonds, the merits and risks of investing in the Bonds and the information contained in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Bonds and the impact such investment will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Bonds, including where the currency for payments is different from the potential investor's currency;
- understand thoroughly the terms of the Bonds and be familiar with the behaviour of any relevant indices and financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Bonds are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as standalone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolio. A potential investor should not invest in the Bonds, which are complex financial instruments, unless it has the expertise (either alone or with the help of a financial adviser) to evaluate how the Bonds will perform under changing conditions, the resulting effects on the value of the Bonds and the impact this investment will have on the potential investor's overall investment portfolio.

The Issuer's ability to continue to pay dividends in the future will depend upon future earnings, financial condition, cash flows, working capital requirements and capital expenditures.

The amount of future dividend payments, if any, will depend upon the Issuer's future earnings, financial condition, cash flows, working capital requirements, the terms and conditions of its indebtedness and capital expenditures. Any declaration and payment as well as the amount of dividend will also be subject to the constitutional and contractual documents including the financing documents of the Issuer and applicable laws and regulations in India, including, in case of any final dividend, the approval of shareholders. There can be no assurance that the Issuer will be able to continue to pay dividends in the future.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent: (i) the Bonds are legal investments for it; (ii) the Bonds can be used as collateral for various types of borrowing; and (iii) other restrictions apply to its purchase or pledge of the Bonds. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Bonds under any applicable risk-based capital or similar rules.

Bondholders may be subject to tax.

Prospective investors of the Bonds are advised to consult their own tax advisers concerning the overall tax consequences of the purchase, ownership, disposition or conversion of the Bonds or the Shares.

RISKS RELATING TO THE COLLATERAL

There may not be sufficient Collateral to pay all or any portion of the Bonds.

No appraisals of any Collateral have been prepared on behalf of the holders of the Bonds in connection with this Offering. The value of the Collateral at any time will depend on market and other economic conditions, including the availability of suitable buyers for the Collateral. By its nature, the Collateral may be illiquid and may have no readily ascertainable market value. Similarly, the Issuer cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation. In the event of a foreclosure, liquidation, bankruptcy or a similar proceeding, it cannot be assured that the proceeds from any sale or liquidation of the Collateral will be sufficient for the Issuer to pay its obligations under the Bonds, in full or at all, after first satisfying its obligations in full under claims that may have legal priority over the holders of the Bonds. If the proceeds of any sale of the Collateral are not sufficient to repay all amounts due on the Bonds, the holders of the Bonds (to the extent not repaid from the proceeds of the sale of the Collateral) would have only an unsecured claim against the Issuer's remaining assets and, in the context of a bankruptcy case by or against us, the holders of the Bonds may not be entitled to receive interest payments or reasonable fees, costs or charges due under the Bonds, and may be required to repay any such amounts already received by such holder.

The rights over the Collateral will not be granted directly to holders of the Bonds.

The rights over the Collateral securing the obligations of the Issuer under the Bonds and the Trust Deed will not be granted directly to the Bondholders, but will be granted only in favour of the Onshore Security Trustee. As a consequence, Bondholders will not have direct security and will not be entitled to take enforcement action in respect of the security for the Bonds, except through the Onshore Security Trustee.

The failure of the Issuer to properly create and register the security interests in the Collateral securing the Bonds could result in an event of default under the Bonds, and could impair the ability of the holders of the Bonds to seek repayment.

The Issuer will be obligated to create and register the Collateral, or to take all commercially reasonable steps to create and register the Collateral securing the Bonds no later than the respective time periods as prescribed under this Offering Circular. Accordingly, the Collateral Documents to be executed in relation to the Bonds are proposed to be entered into no later than the prescribed time period. Until the Collateral Documents are entered into the Bonds will be unsecured. If the Issuer fails to take commercially reasonable steps to or fails to create and register the applicable Collateral in the form and manner prescribed and within the specified time period, an Event of Default will occur and Onshore Security Trustee could enforce the security over the Collateral. In such circumstances, the Issuer may not have sufficient resources to repay the Bonds, in full or at all. Moreover, any claim of the Onshore Security Trustee in a bankruptcy or similar proceeding would be unsecured to the extent that the Issuer

has failed to create and register any Collateral securing the Bonds, which could limit any recovery the Bondholders receive in any such proceeding. As of 30 September 2024, the Issuer had an aggregate of Rs. 221,60.92 million of secured indebtedness on consolidated basis. To the extent that any of this secured indebtedness remains outstanding after the Issue Date, the creditors of such secured indebtedness will be effectively senior to the obligations due under the Bonds, until security over the Bonds is created.

Further, the Bonds constitute direct, unconditional and unsubordinated obligations of the Issuer in relation to the Bonds, which will be secured pursuant to the Collateral Documents. In the event of a bankruptcy, liquidation, reorganisation or other winding up of the Issuer, the Issuer's assets that secure its senior secured indebtedness, if any, will be available to pay obligations on the Bonds only after such senior secured indebtedness, together with accrued interest, has been repaid. If the Issuer is unable to repay its secured indebtedness, the lenders could foreclose on substantially all of the assets which serve as Collateral. In this event, the senior secured lenders would be entitled to be repaid in full from the proceeds of the liquidation of those assets before those assets would be available for distribution to other creditors, including the Bondholders. The Bondholders will participate in the proceeds of the liquidation of the remaining assets of the Issuer, proportionately with holders of its secured indebtedness that is deemed to be of the same class as the Bonds.

Enforcing the rights of Bondholders under the Collateral Documents across multiple jurisdictions and enforcing foreign court judgment on the Issuer in India may prove difficult.

The Bonds will be issued by the Issuer and secured by the Collateral. The Issuer is incorporated in India. The Bonds will be governed by English Law. The Collateral Documents will be governed by Indian law. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in India or any other jurisdiction. Such multi-jurisdictional proceedings are likely to be complex and costly for Bondholders and otherwise may result in greater uncertainty and delay regarding the enforcement of a Bondholder's rights. The rights of Bondholders under the Bonds and the Collateral Documents will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that Bondholders will be able to effectively enforce their rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of India may be materially different from, or be in conflict with, those laws with which Bondholders may be familiar, including in the areas of the rights of bondholders, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceedings. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, which may adversely affect Bondholders' ability to enforce their rights under the Bonds and the Collateral Documents in the relevant jurisdictions or limit any amounts that they may receive. Enforcement of security usually takes a long period of time in India and enforcement may be subject to delays and administrative requirements. The claims and remedies available under Indian law may not be as extensive as those available in other jurisdictions. While any judgment will be made under prevailing Indian laws and regulations, no assurance can be given that the Indian courts will protect the interests of the Bondholders in the same manner or to the same extent as would courts in other countries. As a result, it may be difficult for Bondholders to effect service of process, including judgments, on the Issuer or its officers and directors, or to enforce judgments obtained in non-Indian courts against the Issuer or its officers and directors in India.

The decision to enforce the Collateral Security Interest in respect of the Bonds may be adverse to the interest of the non-consenting Bondholders.

The Collateral is being created for the benefit of the Bondholders by way of a first ranking exclusive security interest. The Bondholders, which have the benefit of the security over the Collateral will have a right to enforce such security as per the terms of the Collateral Documents, even if certain Bondholders do not consent to such action ("**Non-Consenting Bondholders**"). In such an event, the Non-Consenting Bondholders shall be entitled to the proceeds of the enforcement of security over the Collateral as per the final distribution amongst the Bondholders. Further, the Onshore Security Trustee is required to take action to enforce the security interest over the Collateral in accordance with the instructions of the

Trustee given under and in accordance with the deed of hypothecation and Trust Deed. By virtue of the instructions given to the Onshore Security Trustee described above, actions may be taken in respect of the security over the Collateral that may be adverse to Non-Consenting Bondholders. In such event, the only remedy available to Non-Consenting Bondholders would be to sue for payment under the Bonds.

USE OF PROCEEDS

The gross proceeds of this Issue (comprising aggregate proceeds from the issuance of the Bonds) shall be approximately U.S.$50,000,000 million. The proceeds of this Issue will be used by the Issuer for on-lending in accordance with the ECB Guidelines. The on-lending shall be under the Co-Lending model for PSL only in accordance with the guidelines issued by the Reserve Bank of India.

CAPITALISATION STATEMENT

The following table sets forth the Company's capitalisation as at 30 September 2024 prepared in accordance with Ind AS, and adjusted to give effect to the issuance of the Bonds offered hereby.

The following table should be read together with the financial statements included under the heading "Financial Statements" in this Offering Circular.

Consolidated	**As at 30 September 2024**			
	Actual		**As Adjusted for Offer**	
	(Rs.millions)	**(US$ millions)**	**(Rs.millions)**	**(US$ millions)**
Borrowings				
Debt securities	6,628.08	79.10	6,628.08	79.10
Borrowings (Other than debt securities)	21,497.00	256.56	21,497.00	256.56
Subordinated liabilities	80.00	0.95	80.00	0.95
Bonds to be issued	-	-	4,189.44	50.00
Total borrowings (A1)	**28,205.08**	**336.62**	**32,394.52**	**386.62**
Equity				
Equity share capital	898.11	10.72	898.11	10.72
Other equity	13,307.74	158.82	13,307.74	158.82
Total Equity (B1)	**14,205.85**	**169.54**	**14,205.85**	**169.54**
Total Capitalization (A1+B1)	**42,410.93**	**506.16**	**46,600.37**	**556.16**
Total borrowings/Total Equity	**1.99**	**1.99**	**2.28**	**2.28**

(1) The above table contains the capitalisation statement of the Company as on 30 September 2024 based on un-audited consolidated results.

(2) Reserves and surplus do not include revaluation reserves and is net of Miscellaneous Expenditure (to the extent not written off/adjusted).

(3) The amounts including Bonds (including over subscription) have been translated from INR to US$ or vice versa based on RBI Reference Rate as on 30 September 2024 being Rs. 83.7888 per US$1.00.

(4) In accordance with requirements of Ind AS, a portion of the Bond, which reflects the fair value of the conversion feature, may have to recorded as Other Equity. The post issue total borrowings is currently based on the assumption that there is no value of any such equity component to be recorded. The actual total borrowings and total equity and the total borrowing/total equity ratio would depend on the actual accounting for the Bond in accordance with Ind AS.

(5) There has been no material change in the Company's capitalisation since 30 September 2024.

MARKET PRICE INFORMATION

The Shares have been listed on BSE and NSE since 11-10-2007 and 16-06-2009 respectively. As on the date of this Offering Circular, 89,80,43,980 Shares (includes 268,615,900 Shares represented by 6,71,53,975 GDRs) have been issued, subscribed and paid up.

As of 6 December 2024, the closing price of the Shares on BSE and NSE was ₹61.47 and ₹61.47 per Share, respectively. Since the Shares are available for trading on BSE and NSE, the market price and other information for each of BSE and NSE has been given separately.

The following tables set forth the reported closing high and low market price and, number of shares traded on the Stock Exchanges on the dates on which such high and low prices were recorded.

BSE

Calendar Period	**BSE**						
	High			**Low**			**Average Daily Equity Share Trading Volume during the period**
	Rs.	**Date**	**Number of shares traded on the day**	**Rs.**	**Date**	**Number of shares traded on the day**	
2022							
January	795.45	18-01-2022	17673	689.95	07-01-2022	1683	4,121
February	756.80	04-02-2022	664	592.40	24-02-2022	7594	4,123
March	793.60	31-03-2022	3100	608.10	15-03-2022	785	4,289
April	810.75	07-04-2022	1860	716.65	27-04-2022	4078	3,872
May	846.00	04-05-2022	29615	733.60	19-05-2022	1923	7,754
June(up to 29th June)	811.65	02-06-2022	16255	745.75	23-06-2022	1502	2,991
June(30th June)	72.25	30-06-2022	57378	72.25	30-06-2022	57378	57,378
July	73.45	11-07-2022	6073	69.55	26-07-2022	7799	10,786
August	81.45	04-08-2022	13106	73.40	29-08-2022	3783	13,421
September	74.55	02-09-2022	21951	67.60	30-09-2022	1520	30,291
October	90.80	20-10-2022	53592	67.30	07-10-2022	2366	41,056
November	90.75	04-11-2022	37173	78.55	16-11-2022	57605	61,461
December	83.80	07-12-2022	13036	74.65	23-12-2022	19440	15,225
2023							
January	79.05	13-01-2023	32615	70.00	27-01-2023	2749	6,300
February	70.10	01-02-2023	6220	58.15	23-02-2023	11847	33,191
March	61.41	06-03-2023	1907	52.73	31-03-2023	29337	35,140
April	58.96	13-04-2023	10402	50.75	28-04-2023	12555	90,382
May	55.67	30-05-2023	236440	49.60	19-05-2023	6797	51,814
June	55.29	02-06-2023	17272	49.34	23-06-2023	51042	40,704
July	60.28	31-07-2023	163255	48.29	18-07-2023	23677	93,813
August	70.71	08-08-2023	296712	56.54	29-08-2023	60855	1,42,575
September	66.21	05-09-2023	80781	59.75	27-09-2023	33223	1,06,789
October	78.08	18-10-2023	313404	63.45	05-10-2023	162387	1,55,299
November	83.09	21-11-2023	209623	74.10	01-11-2023	64073	1,02,936
December	98.40	12-12-2023	330961	82.39	01-12-2023	29733	2,19,428
2024							
January	131.50	31-01-2024	937614	92.80	02-01-2024	80325	2,77,560
February	184.30	29-02-2024	612383	122.05	01-02-2024	233313	2,64,657
March	191.15	02-03-2024	93531	60.50	28-03-2024	113417	2,48,040
April	86.01	10-04-2024	407819	64.50	02-04-2024	221799	2,23,154
May	70.83	18-05-2024	48192	60.66	10-05-2024	38070	1,14,502

June	77.75	26-06-2024	774230	61.91	04-06-2024	63476	2,63,859
July	79.50	11-07-2024	275899	67.95	31-07-2024	1299919	2,50,836
August	66.78	01-08-2024	130041	61.94	14-08-2024	2130331	3,61,752
September	63.20	16-09-2024	340738	58.97	20-09-2024	380569	2,01,828
October	60.81	01-10-2024	43218	41.71	25-10-2024	656411	2,44,584
November (up to 27 November)	52.39	27-11-2024	74093	41.57	13-11-2024	286531	1,22,583

(Source: www.bseindia.com)

NSE

Calendar Period	**NSE**						
	High			**Low**			**Average Daily Equity Share Trading Volume during the period**
	Rs.	**Date**	**Number of shares traded on the day**	**Rs.**	**Date**	**Number of shares traded on the day**	
2022							
January	798.50	18-01-2022	87109	688.75	14-01-2022	7030	63,904
February	756.55	04-02-2022	18285	594.70	24-02-2022	41630	82,403
March	791.75	31-03-2022	118935	605.90	07-03-2022	17825	88,302
April	814.75	07-04-2022	57979	716.75	27-04-2022	13304	51,295
May	845.65	05-05-2022	666243	736.60	19-05-2022	30022	1,61,009
June(up to 29th June)	814.30	02-06-2022	268072	745.90	23-06-2022	87641	68,118
June(30th June)	72.20	30-06-2022	1092181	72.20	30-06-2022	1092181	10,92,181
July	73.70	11-07-2022	487401	69.90	26-07-2022	708574	7,59,090
August	81.55	04-08-2022	535943	73.25	29-08-2022	518214	8,02,826
September	74.50	02-09-2022	533769	68.00	28-09-2022	131541	3,73,710
October	90.70	31-10-2022	1319206	67.10	07-10-2022	213725	10,63,737
November	90.90	04-11-2022	1597106	78.15	16-11-2022	1273557	7,38,827
December	83.90	07-12-2022	345370	75.10	23-12-2022	242184	5,44,195
2023							
January	79.55	13-01-2023	721565	69.85	27-01-2023	207439	5,12,242
February	70.00	01-02-2023	155390	58.50	13-02-2023	1203496	10,75,802
March	61.30	06-03-2023	291054	52.70	31-03-2023	828362	6,84,150
April	58.80	13-04-2023	590686	50.80	28-04-2023	235400	6,93,395
May	56.60	30-05-2023	2596373	49.85	19-05-2023	954810	6,79,075
June	55.35	02-06-2023	504495	49.25	27-06-2023	272642	5,80,558
July	60.00	31-07-2023	3678652	48.25	18-07-2023	825349	14,50,420
August	70.70	08-08-2023	3125681	56.60	29-08-2023	1275788	20,47,890
September	66.20	05-09-2023	1336889	59.90	27-09-2023	399941	10,69,109
October	78.10	18-10-2023	2644284	63.35	05-10-2023	550161	22,90,646
November	83.40	28-11-2023	1552414	74.00	01-11-2023	1163089	15,50,326
December	98.20	12-12-2023	3457668	82.30	01-12-2023	972521	28,15,971
2024							
January	131.75	31-01-2024	20296509	92.90	01-01-2024	853193	39,01,500
February	184.35	29-02-2024	15426258	122.10	01-02-2024	3908532	41,06,181
March	190.90	02-03-2024	666835	60.60	28-03-2024	1825618	30,20,027
April	86.15	10-04-2024	3914897	64.25	02-04-2024	2994661	25,05,833
May	70.85	18-05-2024	316413	60.65	10-05-2024	897467	8,97,603
June	77.70	26-06-2024	20836189	62.30	04-06-2024	1597069	36,45,002
July	79.31	11-07-2024	6332372	67.88	31-07-2024	2378613	22,07,095
August	66.78	01-08-2024	1171687	61.96	14-08-2024	794184	21,41,915
September	63.27	16-09-2024	2903009	59.60	20-09-2024	19146126	34,61,178

October	61.06	01-10-2024	3056300	41.67	25-10-2024	6397583	32,17,121
November (up to 27 November)	52.15	27-11-2024	26,79,657	41.62	13-11-2024	20,64,199	17,04,637

(Source: www.nseindia.com)

The following table set forth the details of the number of Shares traded on the Stock Exchanges and the turnover during Fiscals 2022, 2023 and period ended October 2024:

Period	**BSE**		**NSE**	
	No. of shares traded	**Turnover (Rs./mn)**	**No. of shares traded**	**Turnover (Rs./mn)**
2022	41,78,573	708	9,95,76,596	15,083
2023	2,19,63,932	1,531	31,71,43,079	22,137
2024 (up to 27 November 2024)	5,31,90,653	4,556	63,45,38,792	56,151

(Source: www.bseindia.com and www.nseindia.com)

The following tables set forth the market price on the Stock Exchanges on 26 July 2024, the first working day following the approval of the Board for the Issue:

BSE

Open	**High**	**Low**	**Close**	**No. of shares traded**	**Turnover (Rs./mn)**
Rs. 69.99	Rs. 71.40	Rs. 68.93	Rs. 69.65	1,29,729	9.10

(Source: www.bseindia.com)

NSE

Open	**High**	**Low**	**Close**	**No. of shares traded**	**Turnover (Rs./mn)**
Rs. 70.20	Rs. 71.40	Rs. 68.50	Rs. 69.69	20,80,208	145.42

(Source: www.nseindia.com)

In the event the high or low or closing price of the Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this section.

The shares of the Company were traded with a face value of Rs.10 per share till 29 June 2022 and thereafter with a face value of Re.1 per share.

DIVIDEND POLICY

The declaration and payment of dividend will be recommended by our Board of Directors and approved by our Shareholders at their discretion and will depend on, *inter alia*, overall financial position, restrictive covenants contained in agreements entered into with lenders, profitability, net worth and capital expenditure of our Company. Our Board may consider one interim dividend in addition to final and/or special dividend for a financial year. In terms of our Company's policy for dividend distribution, Company shall endeavour to utilise retained earnings in a manner that shall be beneficial to both the interests of our Company and its stakeholders. The declaration and payment of dividend would be governed by the applicable provisions of the Companies Act, the Articles of Association and our Company's dividend distribution policy. The details of total dividends declared by our Company during the last five years are set out below:

Year ended 31 March	Dividend (Rs.in million)	Face value of each share (Rs.)	Dividend per Share (₹)	Dividend Rate (%)
2024	89.80	1.00	0.10 per share	10%
2023	44.90	1.00	0.10 per share	10%
2022	44.90	1.00	0.10 per share	10%
2021	42.29	10.00	1 per share	10%
2020	42.29	10.00	1 per share	10%

Notes:

1. Dividend excludes Corporate Dividend Tax paid on dividend on Shares.

2. Investors are cautioned not to rely on past dividends as an indication of the future performance of our Company.

3. The amounts paid as dividend in the past are not necessarily indicative of dividend which may be declared by our Company, if any, in the future. There is no guarantee that any dividends will be declared or paid in the future.

4. The form, frequency and amount of future dividends on the Shares will depend upon the Company's earnings, cash flow, financial conditions and other related factors and moreover, the same shall be at the discretion of the Board**.**

RELATED PARTY TRANSACTIONS

For details of the related party transactions as per the requirements under Ind AS 24, as notified under section 133 of the Companies Act, 2013 read with Ind AS rules as amended for (i) fiscal year ended 31 March 2024, (ii) fiscal year ended 31 March 2023, and (iii) fiscal year ended 31 March 2022, see our Financial Statements included elsewhere in this Offering Circular.

INDUSTRY OVERVIEW

The third party and industry related information in this section has not been independently verified by us, the Lead Manager, the Trustee, the Agents or any of their respective affiliates or advisors. The information may not be consistent with other information compiled by third parties within or outside India. Industry sources and publications generally state that the information contained therein has been obtained from sources we believe to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed, and their reliability cannot be assured. Industry and government publications are also prepared based on information as of specific dates and may no longer be current or reflect current trends. Industry and government sources and publications may also base their information on estimates, forecasts and assumptions which may prove to be incorrect. Accordingly, investment decisions should not be based on such information. Figures used in this section are presented as in the original sources and have not been adjusted, restated or rounded off for presentation in this Offering Circular.

*Grant Thornton Bharat (GT Bharat) has taken due care and caution in preparing the GT Bharat Industry Outlook Report based on the information obtained by GT Bharat from sources which it considers reliable (the "**Data**"). However, GT Bharat does not guarantee the accuracy, adequacy or completeness of the Data or the GT Bharat Industry Outlook Report and is not responsible for any errors or omissions or for the results obtained from the use of Data or the GT Bharat Industry Outlook Report. The GT Bharat Industry Outlook Report is not a recommendation to invest or disinvest in any company covered in it. GT Bharat especially states that it has no financial liability whatsoever to the subscribers, users, transmitters, distributors of the GT Bharat Industry Outlook Report. The views expressed in the GT Bharat Industry Outlook Report are that of GT Bharat. No part of the GT Bharat Industry Outlook Report may be published or reproduced in any form without CRISIL's prior written approval.*

INDIAN AND GLOBAL ECONOMY: MACROECONOMIC SCENARIO

The credit sector is pivotal to the economic framework of any country, influencing growth, stability, and development through financial intermediation. The Union Budget of 2024-25, presented by Honourable Finance Minister in July 2024, underscores the significance of this sector in India. With comprehensive measures aimed at bolstering the Micro, Small, and Medium Enterprises (MSME) sector, skilling initiatives, educational loans, and agricultural financing, the budget reflects India's commitment to fostering economic growth through enhanced credit availability.

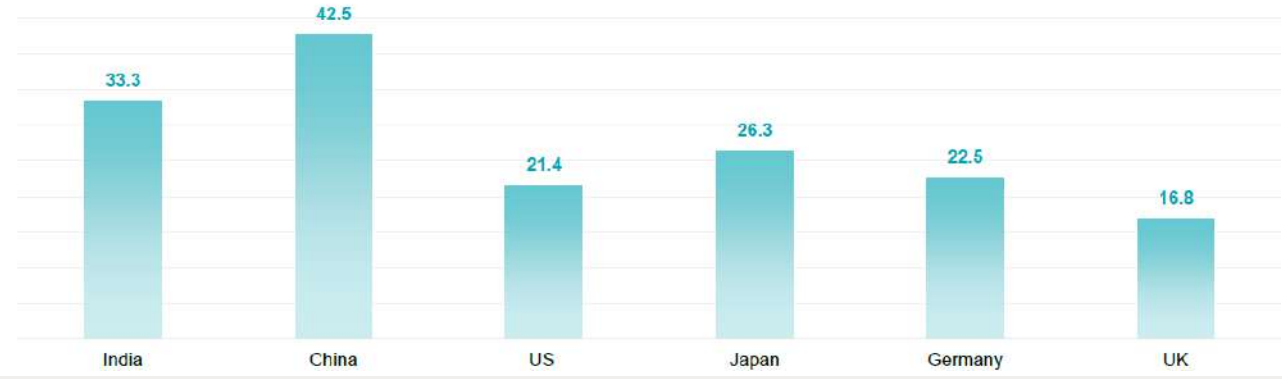
For MSMEs, the revamp of Credit Guarantee Scheme with Rs.9000 corpus to enable additional collateral-free guaranteed credit of Rs.2 lakh crore and a new assessment model for MSME credit marks a significant shift towards facilitating easier access to credit. This is crucial for India's economic fabric, as MSMEs are a major contributor to employment and GDP. The budget also prioritizes skilling and education, with revised loan schemes and financial support for higher education. These initiatives are aimed at creating a skilled workforce, which is essential for sustaining economic growth and competitiveness. Additionally, the focus on agriculture financing indicates a holistic approach to economic development, ensuring support for sectors that are vital to the rural economy.

As per the IMF Global Economic Outlook Update April 20242, India's GDP is expected to grow at 6.8%, driven by stable consumption demand and steadily improving investment demand. According to the National Council of Applied Economic Research (NCAER), the growth will be driven primarily by six sectors: private sector capital formation, green transition financing, MSME development, agricultural transformation, Education and skill development, and enhanced state capacity, all of which are being supported as per the latest budget.

External global risks are high such as the ongoing Russia-Ukraine War, Escalations in the Middle East, and geopolitical rivalry between the U.S. and China, and potential policy shifts due to elections in over 70 countries. However, India's constant Cash Reserve Ratio and Repo Rate indicate stable monetary policy with

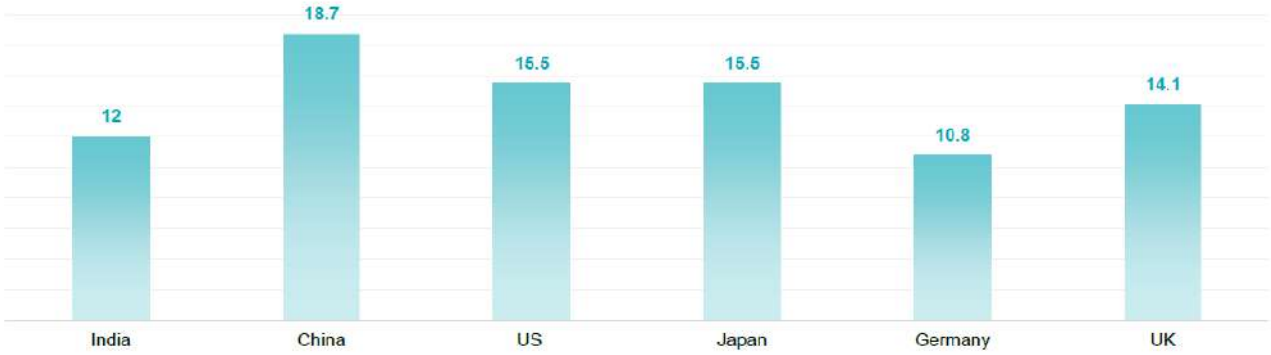
RBI striking a balance between controlling inflation and supporting economic growth. It also suggests that banks will continue to lend within their existing capacity while they may maintain or lower interest rates. India has been maintaining a consistent repo rate indicating RBI's confidence in the stability of the economy, no immediate inflationary pressure, and most importantly, a predictable environment for borrowers and lenders. The CPI is also expected to decline marginally to 4.9%4 in FY25 due to softening in prices of certain components.

Investment as a percentage of GDP



Investment as a percentage of GDP indicates the proportion of GDP spent on investments by a country. Among the top economies under analysis here, China has the highest share. This has twin implications to it. This has mainly been the contribution of growing financial services, industrials and consumer goods in China, and their impact on investments. In India, about 1/3rd of GDP is allocated to investments. This is mainly driven by the manufacturing sector, coupled with heavy investments in energy and technology. As per the World Investment Report 2022, India held the eighth position among the primary global recipients of Foreign Direct Investment (FDI) until the year 2020. The World Investment Report 2023 classified India as one of the robust developing nations recipients of foreign investment flows. Thus, India has been taking crucial steps to becoming one of the top foreign investment destinations, further boosting the investment to GDP percentage In Japan, an end to deflation, and a rise of corporate dynamism can account for the rise in the investment levels in recent years. On the other hand, countries like the US and UK exhibit high levels of consumption and consequently, comparatively lower levels of investment than the other economies.

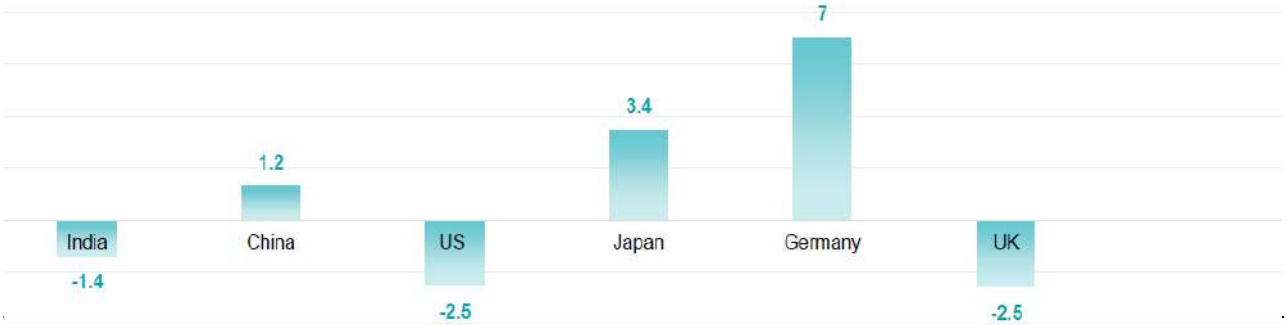
Debt Service Ratio (DSR)



The Debt Service Ratio indicates the proportion of funds tied up to debt repayments in an economy. It may signal financial distress and increased risk of default. Amongst the six economies under analysis here, China has the highest debt service ratio. China has often been termed as the international lender of last resort. It is known for cross-border lending to countries in debt distress. This, in turn, accounts for the mounting debt burden being faced by China currently, and thus explains the high debt service ratio. Next in line are US and Japan, followed closely by UK and then India. Germany has the most promising debt management amongst the six economies, substantiated by its low debt service ratio. Low inflation rates, coupled with the weakening

Euro has kept the German exports like cars and machinery competitively priced. The low debt is further supported by the Germans' attitude of "save now, pay later". All this combined contributes to the low debt levels despite Germany being the fourth largest world economy. The debt brake enshrined in the German constitution, which imposes limit on the debt raised by the German government can also be understood as a major reason for the relatively low debt service ratio of the country.

Current Account Balance



The Current Account Balance indicates the difference between the net receipts on account of exports of goods and services and the net payments on account of imports of goods and services. A surplus exhibits dominance of exports over imports while a deficit shows vice versa. India, US, and UK have a negative current account balance indicating a deficit in the account. India's current account deficit has been consistently recording a decline, accounting for its low deficit amongst the three countries. This has been due to a net increase in net invisible receipts owing to an increase in exports of services and transfers. There has also been an increase in foreign investment flowing into the country. The US, on the other hand, has been recording a high current account deficit, owing to an all-time high increase in imports to facilitate businesses replenishing decreased inventories to meet strong demand. Increased imports of services and chemicals are also reasons for the deficit. As for the UK, excessive consumption met by increasing imports, soaring energy prices due to Russia's invasion of Ukraine, and weakening of Sterling are the reasons for the deficit. Germany, on the other hand, has the strongest current account balance. Strong industrial base, prudent economic policies, lower propensity of consumption by the German population, and adoption of the Euro as national currency account for the high surplus.

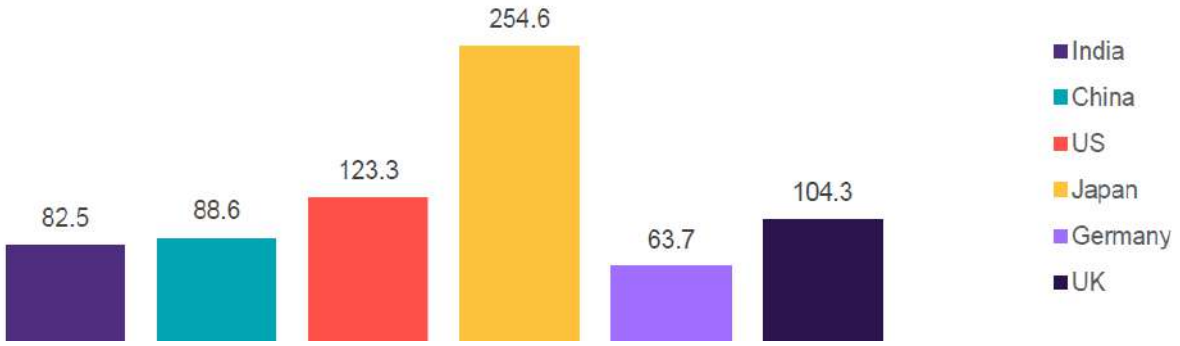
Gross National Savings

Gross National Savings indicates the percentage of the GDP being saved by the population for the future. An increase in this percentage indicates an increase in the savings and an increasing adoption of a cautious approach with respect to spending in the population.

Higher gross national savings reflect a conservative nature adopted by the Indian population as compared with other countries, apart from China. People in countries like US, UK, Japan and Germany are likely to invest more and save less. According to an SBI report, Households in India saved a massive Rs 7.1 lakh crores as a precautionary tool during the COVID-19 pandemic. However, post pandemic, there has been a significant dip in household savings in India. The net financial savings of Indian households fell to about 5.3% of the GDP

compared to 7.2 per cent in the previous year. Lower savings is detrimental to the Indian economy as the government depends on bank deposits, cash in banks and equity investments to finance its capital investments on physical assets such as infrastructure. A dip then can squeeze the funds flow in India. China, on the other hand has one of the highest national savings rates in the world with the household sector as the main driver of the high savings. Savings as a precautionary tool in emerging economies such as India and China reflect on the of social security policies and job security in the market economies. It also points to inadequate social transfers, a lack of progressivity in taxation, and a limited social safety net due to income inequalities in the two Asian countries.

Government Debt



Government Lending measures the difference between a government's total revenues and total expenditures. It indicates whether the government is running a surplus or deficit. A deficit indicates that the government is spending more than it earns and requiring borrowing to cover the gap. A higher debt as a percentage of GDP indicates an increased amount committed to repayment of borrowings. Japan has the highest government debt as a percentage of GDP at 254.6%. This implies that the size of the borrowings of Japan is more than 2.5 times of its size of GDP, which is an alarming concern for the economy. Next in line is the US, whose borrowings are nearly 1.2x of its GDP, yet an alarming figure. The UK has debt almost at par with its GDP which is again an unsafe sign for the economy. China and India are relatively better off than the other 3 with GDP exceeding the debt by 12-18 points. Best off among them is India with debt forming 82.5% of GDP. This is a relatively controlled debt position for the Indian economy.

Macro-Economic Variables

The underlying table provides the financial data for India for major macroeconomic variables for the FY24 and the projections for FY25.

Macro Variables	FY24	FY25 (E)	Rationale for Outlook
GDP	8.2%	6.5%-7%	The global trade outlook remains positive, with cautions regarding escalation of geopolitical conflicts leading to supply chain disruptions, higher commodity prices, inflationary pressures, and consequent influence on RBI's monetary policy stances.
CPI Inflation	5%	4.9%	The CPI is expected to decline marginally in FY25 due to softening in prices of certain components included in the CPI.
WPI Inflation	3.36%	-7.01%	Efforts by the GoI coupled with stringent inflation policies can be attributed to account for the steady decline in WPI since the pandemic.
Population	1395 crores	1048.33 crores	Based on the past trends, the ever-increasing Indian population is projected to witness a marginal decline in

			FY25. This may be accounted to rapid spread of awareness regarding population control.
Per Capita Growth	6.7%	5.83%	With the projected GDP growth rate less than the estimated rate for FY24 coupled and a marginal decline in the Indian population, a reasonable decline in the PCI for FY25 is projected.
Current Account Deficit (CAD)1	0.7%	-0.6%	The Current Account Deficit (CAD) is a measurement of the country's exports in goods and services. It indicates a situation where the net payments on account of imports exceed the net receipts on account of exports of goods and services. The decrease in CAD can be accounted to rising software and business service exports, coupled with a fall in imports leading to a net services receipt on a YoY basis.

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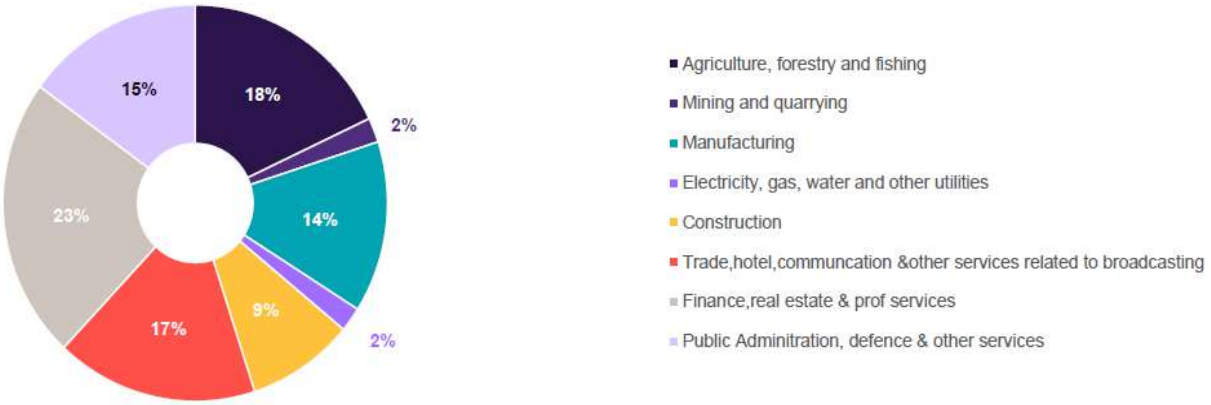
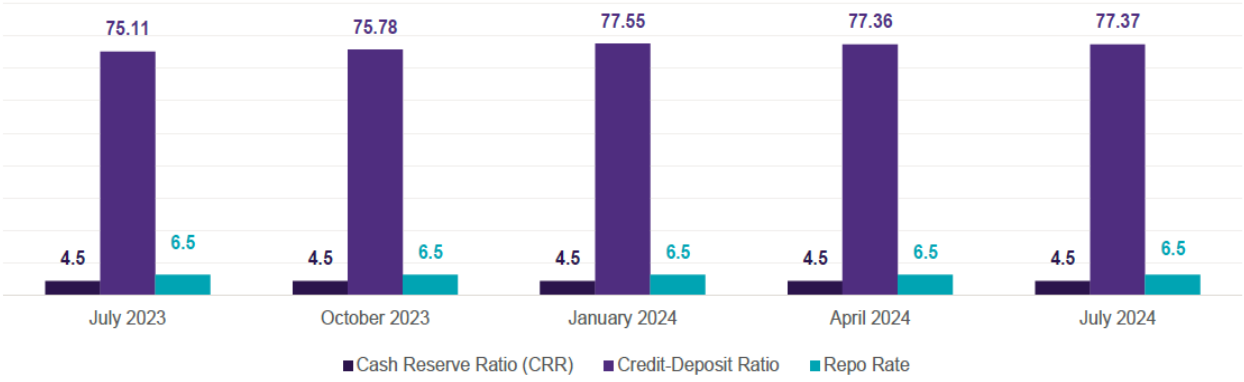
Sectoral Contribution towards GDP



The service sector, comprising trades, hotel services, finance, real estate, and public administration is the largest contributor to GDP (55%), reflecting the transition of the Indian economy towards services over traditional agriculture and manufacturing. Primary sector, comprising agriculture, forestry and fishing contributed 18% to the GDP. While agriculture remains important, the diverse contributions from various sectors highlight a balanced economic structure. Secondary sectors comprising manufacturing and construction show significant contributions (27%), indicating potential areas for growth and investment.

RBI Rates



Cash Reserve Ratio (CRR) is the percentage of a bank's net demand and time liabilities (NDTL) that must be kept in the form of reserves with RBI. It helps ensure that banks have enough liquidity to meet withdrawal

demands and is a tool for controlling inflation and regulating the money supply. A constant CRR (4.5%) indicates stable monetary policy with RBI striking a balance between controlling inflation and supporting economic growth. It also suggests that banks can continue to lend within their existing capacity while they may maintain or lower interest rates.

Credit Deposit Ratio (CDR) shows the proportion of a bank's total deposits that are given out as loans. A high CDR indicates that a larger portion of deposits is being used for lending. Minor variations in India's CDR suggest that the lending practices and deposit inflows in India are relatively stable. The fluctuations within such a narrow range reflect a balance between the demand for loans and the availability of deposits and effective credit risk management.

Repo Rate is the rate at the white RBI lends short-term funds to commercial banks against securities. It's a crucial tool to manage liquidity, control inflation, and stimulate economic activity. An increase in repo rate increases the borrowing cost for commercial banks and thereby lead to higher interest rates for loans. India has been maintaining a consistent repo rate indicating RBI's confidence in the stability of the economy, no immediate inflationary pressure, and most importantly, a predictable environment for borrowers and lenders.

GLOBAL RISKS

Even though resilient economies and improving financing conditions would support the stabilization of the credit sector but there are certain global risks.

Geopolitical Uncertainty: The ongoing Russia-Ukraine War would disrupt global supply chains, trade, and investment flows. It introduces volatility in commodity prices, particularly energy, which can lead to broader economic instability and affect borrowers' ability to service debt. Escalations in the Middle East can further disrupt global oil supplies and trade routes, leading to increased market volatility and economic uncertainty. Furthermore, ongoing trade disputes and geopolitical rivalry between the U.S. and China can affect global supply chains, market sentiment, and economic policies, potentially leading to trade restrictions and increased costs for businesses.

Cybersecurity Risks: The rising frequency and sophistication of cyberattacks, both criminal and state-sponsored, pose significant risks to financial stability. Successful attacks can lead to substantial financial losses, data breaches, and operational disruptions. Increased digitization and the introduction of Artificial Intelligence (AI) create new vulnerabilities and the potential for systemic risks if critical infrastructure is compromised.

Economic and Political Uncertainty: With over 70 elections in roughly 40 countries this year, political outcomes can introduce new uncertainties and potential policy shifts. The U.S. elections, in particular, could have significant global ramifications, affecting geopolitical stability and economic policies. Increasing protectionist policies can constrain global trade and economic growth, leading to disruptions in global supply chains and impacting the creditworthiness of companies reliant on international trade.

UNION BUDGET OF 2024-25

The Union Budget for 2024-25 was presented on July 23, 2024, by the finance minister Nirmala Sitharaman. The announcements reflected positively on the overall lending sector in India.

Micro, Small and Medium Enterprises

Credit Guarantee Scheme: For facilitating term loans to MSMEs for purchase of machinery and equipment without collateral or third-party guarantee, a credit guarantee scheme was announced. The scheme will operate on pooling of credit risks of such MSMEs. A separately constituted self-financing guarantee fund will provide, to each applicant, guarantee cover up to INR 100 crore, while the loan amount may be larger. The borrower will have to provide an upfront guaranteed fee and an annual guaranteed fee on the reduced loan balance. The

collateral-free credit guarantee is aimed at improving financial assistance to the MSME sector, bolstering its contribution to the Indian economy.

New assessment model for MSME credit: Public sector banks will build their in-house capability to assess MSMEs for credit, instead of relying on external assessment. They will also take a lead in developing or getting developed a new credit assessment model, based on the scoring of digital footprints of MSMEs in the economy. This is expected to be a significant improvement over the traditional assessment of credit eligibility based only on asset or turnover criteria. In an important step towards formalization of the MSMEs, it will also cover MSMEs without a formal accounting system.

Credit Support to MSMEs during Stress Period: The budget introduced a new mechanism for facilitating continuation of bank credit to MSMEs during their stress period. While being in the 'special mention account' (SMA) stage for reasons beyond their control, MSMEs need credit to continue their business and to avoid getting into the NPA stage. Credit availability will be supported through a guarantee from a government promoted fund. This shall provide the requisite support to the MSMEs in difficult periods, avoiding their shut down and consequent loss of employment due to the same.

MUDRA Loans: The limit of MUDRA loans will be enhanced to INR 20 lakh from the current INR 10 lakh for those entrepreneurs who have availed and successfully repaid previous loans under the 'Tarun' category. This shall provide greater financial assistance to young entrepreneurs seeking to establish their business units, without the hassle of collateral.

Enhanced scope for mandatory onboarding in Trade Receivables Discounting System (TReDS): This involves a proposed reduction in the turnover threshold of buyers for mandatory onboarding on the TReDS platform from INR 500 crore to INR 250 crore. This measure will bring 22 more CPSEs and 7000 more companies onto the platform. Medium enterprises will also be included in the scope of the suppliers. This measure shall help facilitate MSMEs to unlock their working capital by converting their trade receivables into cash at a lower threshold than before, thus helping in circularity of cash flow in the business.

SIDBI (Small Industries Development Bank of India) branches in MSME clusters: SIDBI will open new branches to expand its reach to serve all major MSME clusters within 3 years. With the opening of 75 such branches this year, the service coverage will expand to 168 out of 242 major clusters. These branches will provide direct credit to the MSMEs, thus further aiding in flushing the requisite funds to carry out income and employment generating activities in this sector.

Skilling: The Model Skill Loan Scheme will be revised to facilitate loans up to INR 5 lakh with a guarantee from a government promoted Fund. This measure is expected to help 25,000 students every year.

Agriculture

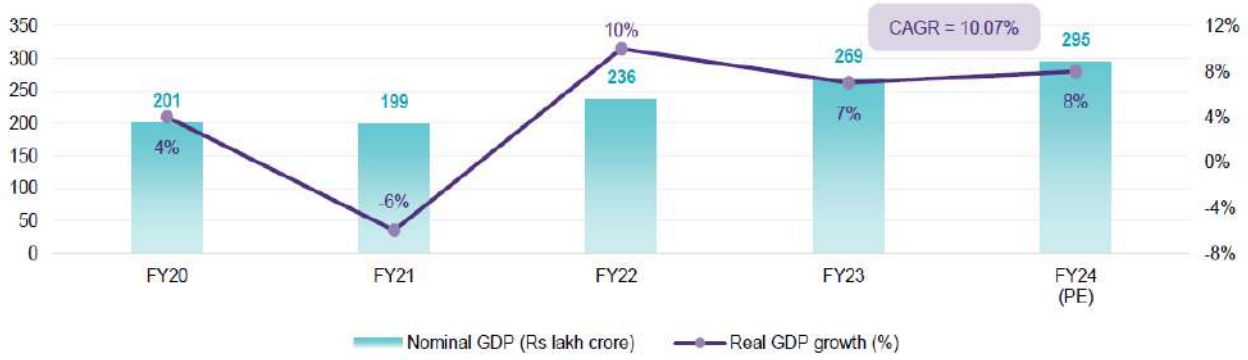
Digital Public Infrastructure for Agriculture: The government, in partnership with the states, will facilitate the implementation of the Digital Public Infrastructure (DPI) in agriculture for coverage of farmers and their lands in 3 years. During this year, digital crop survey for Kharif using the DPI will be taken up in 400 districts. The details of 6 crore farmers and their lands will be brought into the farmer and land registries. Further, the issuance of Jan Samarth based Kisan Credit Cards will be enabled in 5 states. This initiative aims at bringing digitization to the backbone of the Indian economy– agriculture. Digital crop surveys and issuance of Kisan credit cards shall pave the way for tech-enabled agricultural landscape. The Kisan Credit Cards shall further enable farmers to manage their agricultural needs efficiently, thus benefiting the Indian economy in general and rural economy in particular.

1. Indian economy overview

This chapter provides a comprehensive overview of India's economic landscape. It offers an in-depth examination of India's economic performance over the past five years, focusing on key metrics such as GDP

growth and its comparative analysis with the world's leading economies. The primary drivers of economic expansion, including increasing private consumption and growth of per capita income are explored. The growth of Digital Public Infrastructure is highlighted, with emphasis on initiatives like the JAM trinity, advancements in the payment's infrastructure, and the widespread adoption of digital payments.

1.1 Growth of India's GDP

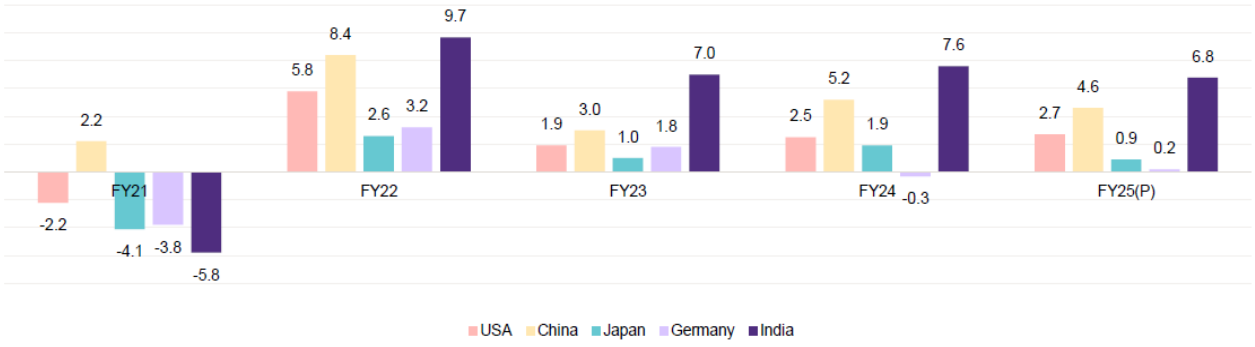


The Indian economy demonstrated resilience in the face of the COVID-19 pandemic. After a contraction of -6% in 2020, triggered by nationwide lockdowns, the Gross Domestic Product (GDP) has consistently shown robust recovery since 2021. The GDP has grown steadily from INR 236 lakh crore in 2021-22 to INR 295 lakh crore (provisional estimates) in 2023-24, showcasing the economy's adaptability.

Notably, the Indian economy grew with a CAGR of 10.07% (nominal basis) between 2019 to 2024, highlighting a strong recovery. This upswing can be attributed to various factors, including: Increased government spending on infrastructure and welfare schemes, rising global demand, positively impacting the manufacturing and information technology sectors and Effective monetary policies implemented by the government.

The GDP growth rate has fluctuated significantly over the five-year period, reflecting the economy's volatile response to challenges. The COVID-19 pandemic caused a sharp contraction in 2020-21, but government stimulus measures and pent-up consumer demand drove a strong recovery in 2021-22. As the economy adjusted post-recovery, growth moderated to 7% in 2022-23, indicating a return to stability. The latest growth rate of 8% in 2023-24 suggests a sustained recovery, with the economy demonstrating resilience.

1.2 India GDP growth in comparison with top five economies of the world



India's real GDP growth has been growing since 2021, with projected rate of 6.8% (in FY25). A comparison of major economies from 2020 to 2024 reveals significant variations in growth rates, influenced by the pandemic and recovery efforts.

2020: All countries experienced negative growth, with India the most affected (-5.8%).

2021: China and India led the recovery, with India achieving the highest growth rate (9.7%) due to robust stimulus measures.

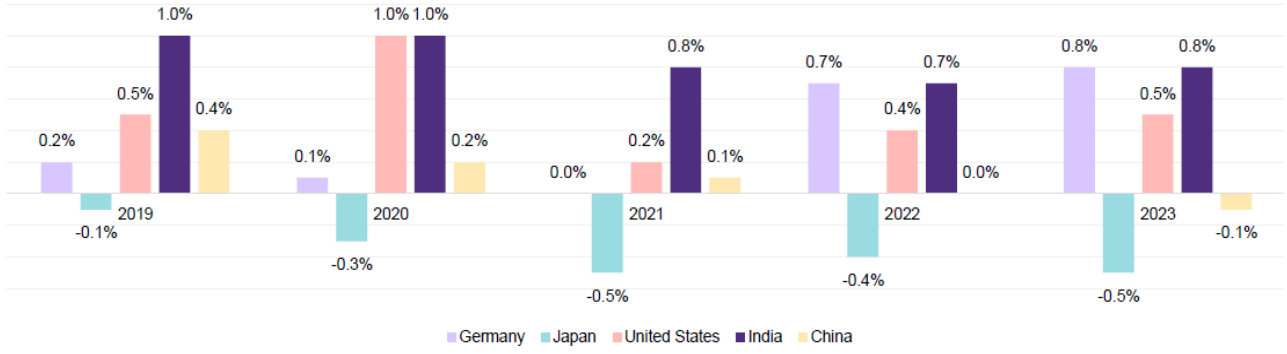
2022: Growth rates stabilised, with India maintaining a high growth rate (7%), driven by domestic demand.

2023: India continued to outperform, with growth driven by increased government spending on infrastructure and welfare schemes, as well as export growth. In contrast, Germany faced a contraction (-0.3%) due to declining exports.

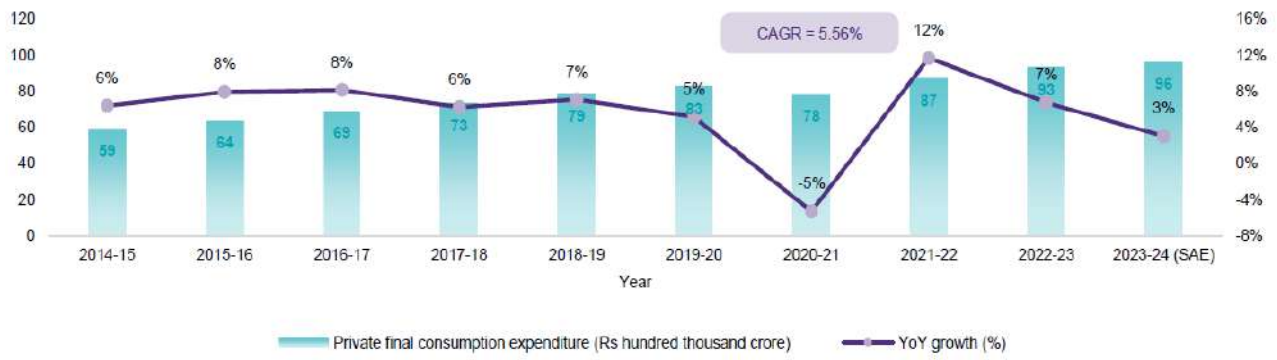
1.3 Growth drivers of Indian economy in last five years

India's economic growth is driven by several factors, including population growth, consumption, and per capita income. Consumption has been a significant driver, fuelled by rising incomes, urbanisation, and increased consumer confidence, which boosts spending across various sectors. The per capita income has shown a steady increase, except for a dip during the COVID-19 pandemic, reflecting improved living standards and economic prosperity.

1.3.1 India's annual population growth rate in comparison with top five economies in the world



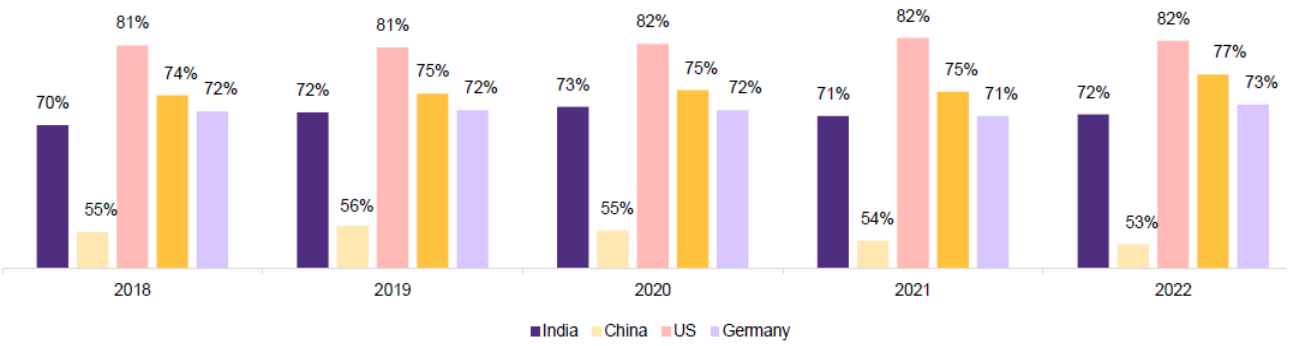
Population growth rate: India's steady annual population growth rate of 0.7% to 1% from 2019 to 2023 underscores its position as a dynamic and growing economy. In contrast, Japan's population growth rate has been declining, with a -0.5% growth rate in 2023, while China's growth rate has slowed to 0% in 2022. Germany's growth rate, driven by net immigration, has increased to 0.8% in 2023, while the United States' growth rate has fluctuated between 0.2% to 1% over the same period. India's steady growth rate, combined with its large and growing young population, positions it for a sustained economic expansion. Increasing private consumption in India.



Consumption in India: The consumption from 2019 to 2023 in India has been an upward sloping trend except in 2020, wherein the consumption was reduced by 5%. The economic disruptions during the period impacted the consumption due to supply chain disruptions, job losses and economic disruptions.

However, the consumption in 2024 peaked due to the economic recovery and reopening, rising incomes, urbanization, and supportive government policies. The CAGR of 5.56% throughout 10 years highlights the same, suggesting strong adaption likely driven by digitization, an increase in consumer spending and economic activity.

1.3.2 India's consumption expenditure as % of GDP in comparison with top five economies in the world



Comparison in terms of consumption: Final consumption expenditure refers to expenditure by households and non-profit institutions on final consumption of goods and services. India's consumption rate as percentage of GDP has varied over the last 5 years, now standing at 71.6%. The US leads the top 5 economies with a consumption rate between 81.3% and 81.9%. Japan's consumption rate stayed steady from 2019 to 2021, then jumped by 2% in 2022. Germany's rate also rose 2% in 2022. Meanwhile, China's consumption rate has consistently dropped from 55.1% to 53.4%, showing the country exports more than it consumes.

1.3.3 Per capita income growth in India

The COVID-19 pandemic caused a 9% drop in living standards in 2020, leading to job losses and economic hardship. However, the economy bounced back strongly in 2021, growing 8%, as businesses reopened, creating jobs, and boosting the demand for goods and services.

1.4 Reforms by the Indian government leading to growth of Digital Public Infrastructure (DPI)

India has made substantial strides in enhancing the payment infrastructure crucial for fostering a cashless economy. This report explores pivotal elements, such as the JAM trinity (Jan Dhan, Aadhaar, Mobile), the

extensive utilisation of debit and credit cards, and the expansion of PoS (Point-of-Sale) terminals, micro-ATMs, PPIs (Prepaid Payment Instruments), and QR codes (Quick response codes). It also evaluates transaction volumes across UPI, BBPS (Bharat Bill Payment System), and FASTag, illustrating the rapid adoption of digital payments. These advancements have significantly bolstered convenience, reduced reliance on cash, and promoted greater financial inclusion.

Infrastructure layer

JAM Trinity

Payments infrastructure layer (Mar 2024)

Number of Payment Infrastructures (in lakhs)

Digital payments transactions (FY 2023-24)

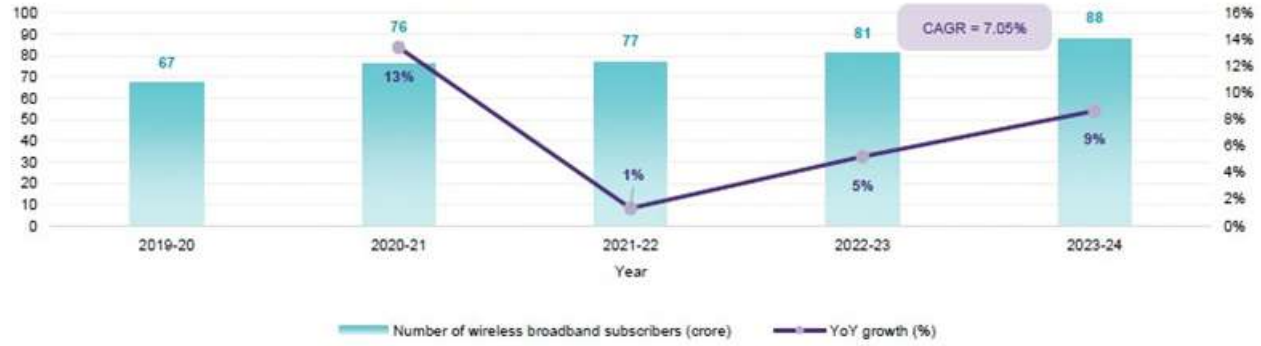
Growth of Credit (Outstanding as on May 2024)

1.4.1 Digital India - Growth of PMJDY accounts penetration

The government's PMJDY scheme is boosting financial digitisation, with CAGR of 8.67%%. By simplifying account opening with less paperwork, the government has made it easier for people to join. This has led to a surge in PMJDY accounts and successful efforts to include more people in digital banking.

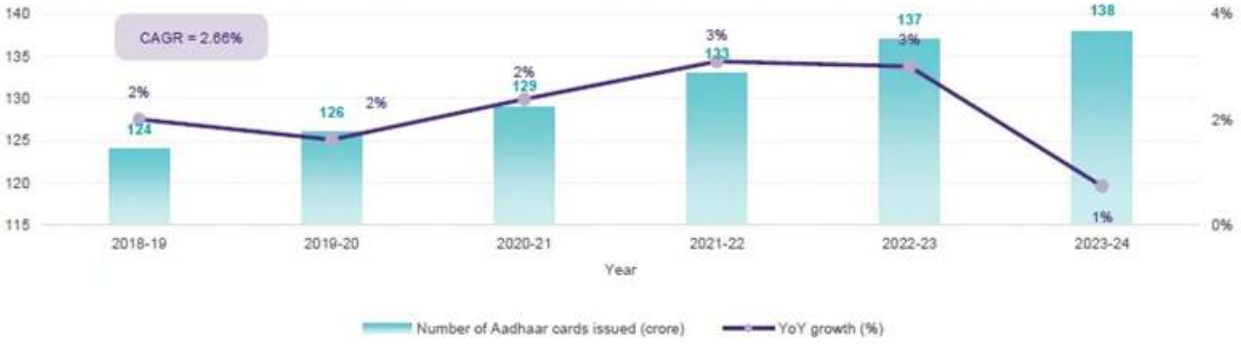
The scheme provides dual benefits – ensuring access to financial services and digitising the financial hemisphere. Currently, there are 52.81 crores beneficiaries of PMJDY, and still increasing at a consistent rate.

1.4.2 Number of wireless broadband subscribers in India



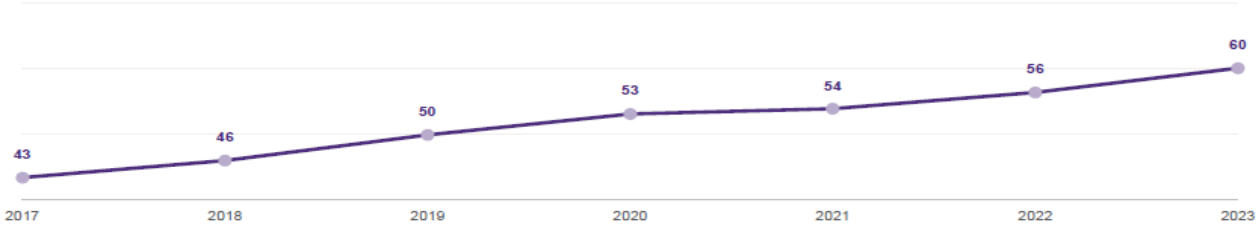
Wireless broadband subscribers have grown steadily over the past years, with a 7.05% CAGR. Improvements in infrastructure, including the expansion of 4G networks and enhanced last-mile connectivity, have increased the accessibility and reliability of wireless broadband services.

1.4.3 Aadhaar penetration



Aadhaar has been one of the most successful initiatives of the government since its introduction in 2009. As of 2023, approximately 138 crore Indians have been issued Aadhaar cards.

1.4.4 RBI's Financial Inclusion (FI) - Index growth



To achieve the financial inclusion goals and objectives, the measurement and evaluation of financial inclusion assumes importance. Towards this direction, a composite FI-Index was constructed and published by the RBI in August 2021. The FI-Index comprises of three broad sub-indices - Access (35%), usage (45%), and quality (20%) - with each of these consisting of various dimensions The FI-Index for March 2023 rose to 60.1 from 56.4 in March 2022, with growth witnessed across all the sub-indices**.**

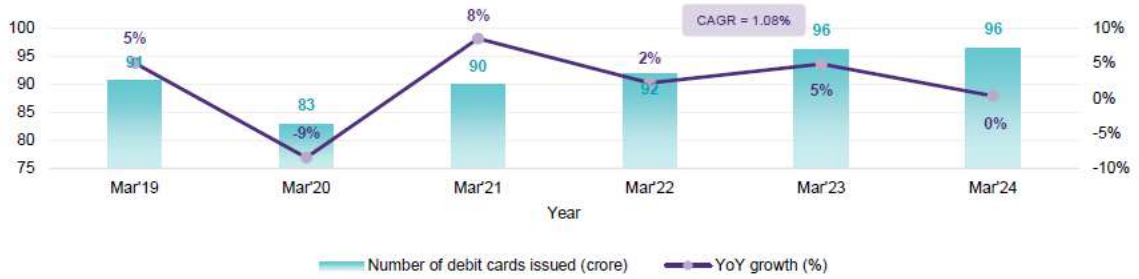
1.4.5 Number of PoS terminals deployed in India

The digital payments acceptance infrastructure in India has seen a substantial growth. The same can be adjudged from the three indicators mentioned that are: the number of PoS terminals deployed in India. The deployment of PoS terminals are growing at a CAGR of 19.22%, indicating more people are switching to online transactions every year. This shows that the country is building a strong online banking infrastructure.

1.4.6 Number of credit cards issued

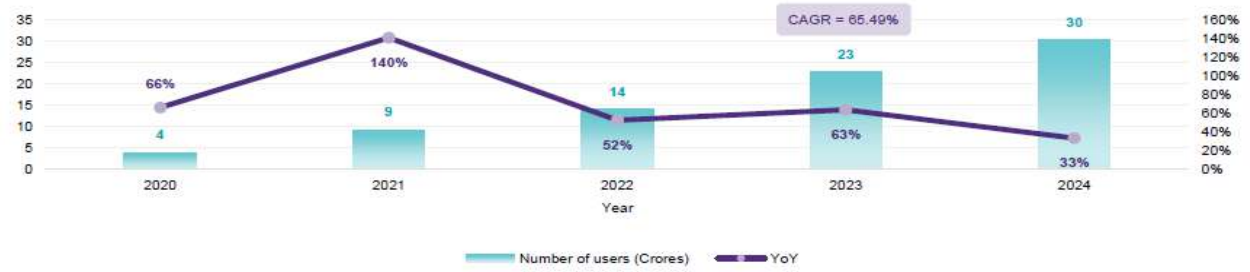
The increase in the number of credit cards issued shows a CAGR 14.87%%. This growth is attributed to evolving consumer spending habits and enhanced bank offerings, with private sector banks dominating credit card issuance. New regulations mandating customer opt-in for credit line adjustments have improved customer trust and engagement with credit products.

1.4.7 Number of debit cards issued



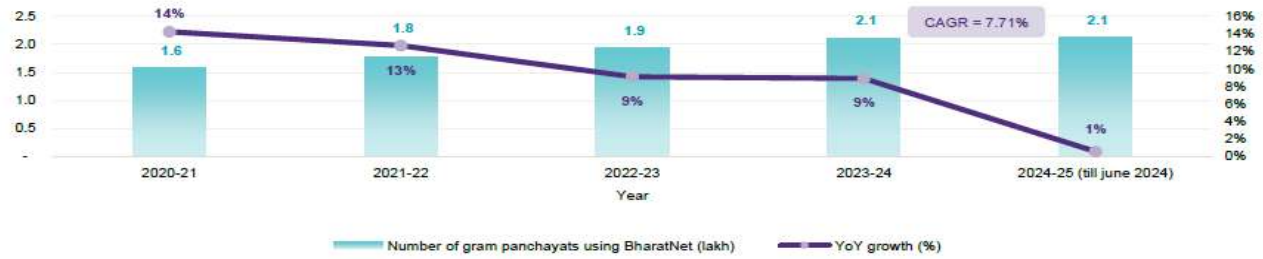
The number of debit cards issued are increasing at a CAGR of 1.08%% depicting a steady increase in the trust of people in the technology. The number of debit cards issued peaked post-2019 after the COVID-19 pandemic. This surge was driven by the rapid digitisation and increased usage of UPI for payments. This shift highlights changing consumer payment preferences and the growing adoption of digital payment methods over traditional card-based method.

1.4.8 Number of Digital Locker users registered



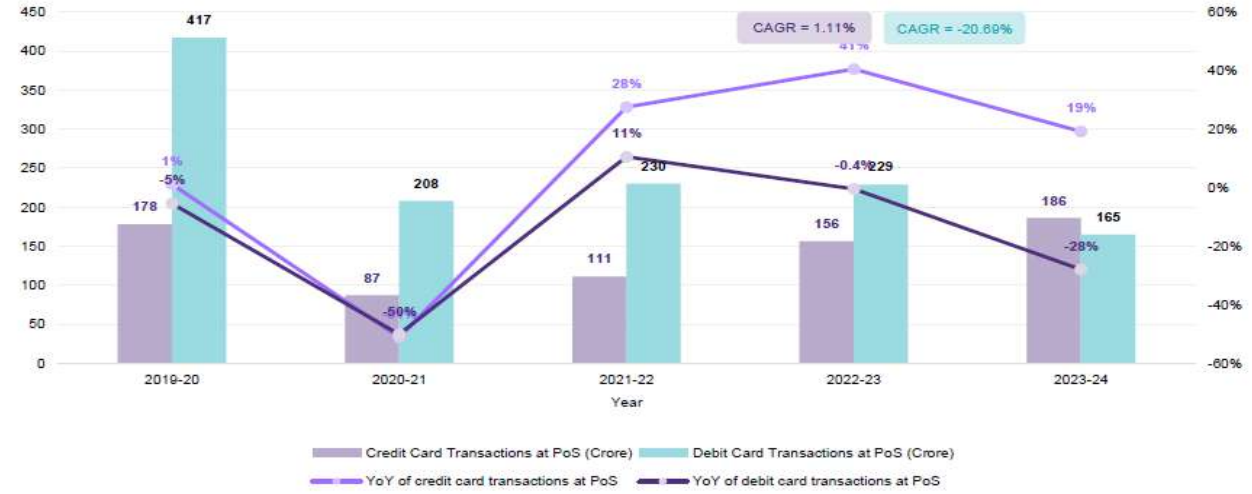
Digital Locker (Digi-Locker) is a key initiative under the Digital India programme that provides Indian residents with a secure online document storage and sharing platform. Since it's inception in the year 2016; Digital Locker's usage experienced a remarkable surge. It saw a 125% increase in users- from 4 crore in 2020 to 9 crore in 2021. Since then, it has continued to grow rapidly, with a 65.49% annual compound growth rate, indicating widespread adoption.

1.4.9 Number of gram panchayats using BharatNet



The government's digital infrastructure development relies heavily on BharatNet, which bridges the digital divide in rural areas. BharatNet's usage within the gram panchayats in the rural areas of India has grown at a 7.71% annual rate since 2019, driven by the government's expansion of digital public services. The COVID-19 pandemic has further accelerated this growth, as many services have moved online.

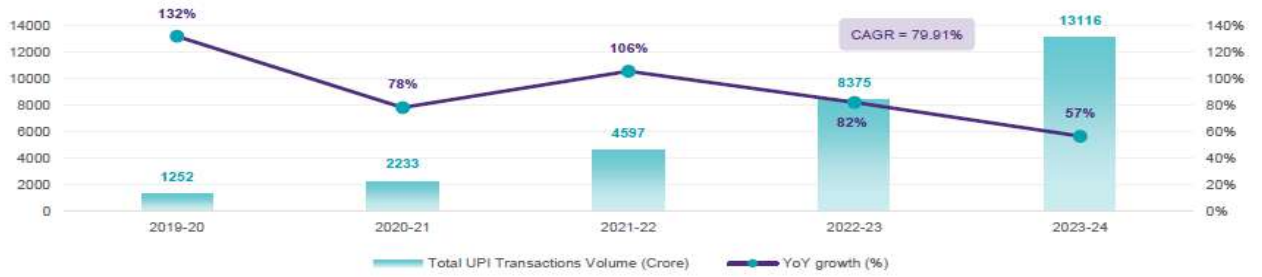
1.4.10 Digital India - Growth of digital transactions at PoS



The volume of Point of Sale (PoS)-based debit and credit card transactions peaked in 2019 but declined significantly during the COVID-19 pandemic, dropping by 50% for debit cards and 51% for credit cards. This decline was driven by the rapid digitisation and increased usage of QR codes for payments.

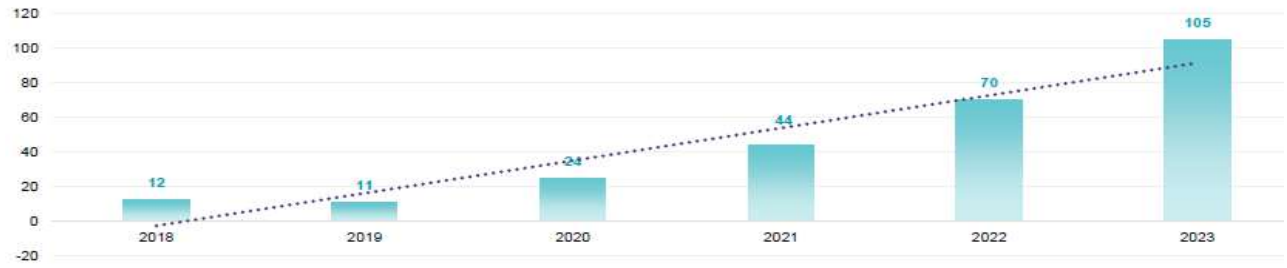
From 2022 to 2023, debit card transactions continued to decrease further by 28%. In contrast, credit card transactions experienced a strong recovery, increasing by 114% from their low point in 2020 to 2023. This shift highlights changing consumer payment preferences and the growing adoption of digital payment methods over traditional card-based transactions.

1.4.11 Digital India - Growth of UPI transactions



A sharp increase in the Unified Payments Interface (UPI) transactions in India over the years is driven by widespread smartphone adoption, digital payment innovations, government initiatives like Digital India, and increased merchant acceptance. The COVID-19 pandemic further accelerated the shift towards contactless payments for safety and convenience. Further, the highest growth of 106% was during 2021-22, indicating the demand and need for such contactless payment system. A CAGR of 79.91% throughout the 5 years represent a fast-paced digitisation of Indian economy and a decrease in PoS-based transactions.

1.4.12 Startup India: Growth in number of registered start-ups



A crucial initiative by government – Startup India, along with the rapid advancement of technology and digital infrastructure and the cultural shift towards entrepreneurship and innovation, driven by increased awareness, resulted in a significant increase in the number of registered startups in India from 2019 to 2023 (each year), rising from 10,604 in 2019 to 34,779 in 2023.

Furthermore, a CAGR of 34.57% from 2019 to 2023 represents an upward trend, showcasing a positive note for India in terms of the startup ecosystem and entrepreneurship. As of December, 2023, there are 1,17,254 startups recognised by the Department for Promotion of Industry and Internal Trade DPIIT.

1.4.13 Impact of DigiDhan mission on digital transactions

The impact of the DigiDhan scheme has been remarkable over the period of 5 years, especially in 2023-24, at peak of 18,807 crore transactions. From 2019-20 to 2023-24, the volume of digital transactions surged from INR 4,572 crore to INR 18,807 crore, showcasing a substantial and consistent increase with a CAGR of 42.41% from 2019 to 2023.

The significant growth rates, particularly the 59% rise in 2021-22, highlights the successful adoption and expansion of digital payments during this period. Although there was a noticeable slowdown in growth in 2020-21, the subsequent increase underscores the resilience and continued effectiveness of digital payment strategies.

1.4.14 RBI's recent policy interventions in financial sector

The RBI has taken measures in the following domains related to the financial sector:

A. Monetary policy: It was decided by the Monetary Policy Committee with that under the Liquidity adjustment facility (LAF), policy repo rate unchanged at 6.50%. Moreover, decision regarding the standing deposit facility (SDF), the rate remains unchanged at 6.25% and marginal standing facility (MSF) and the Bank rate at 6.75%.

B. Banking regulations- proposed measures:

- Mahila Samman Bachat Patras – The scheme allows women to open one-time new small savings deposit facility up to Rs 2 Lakh for a period of 2 years.

- New regulations as per Ministry of Finance, all Public Sector Banks (PSBs) are now allowed and eligible to issue the Mahila Samman Savings certificate.

- Benefit for senior citizens - The deposit has increased from Rs 15 lakh (2004) to Rs 30 lakh as in 2023-24. Moreover, as for the Monthly Income Account Scheme, the limit for maximum deposit has been proposed to increase from Rs 4.5 lakh to Rs 9 lakh for joint account.

C. Digital payments and financial inclusion:

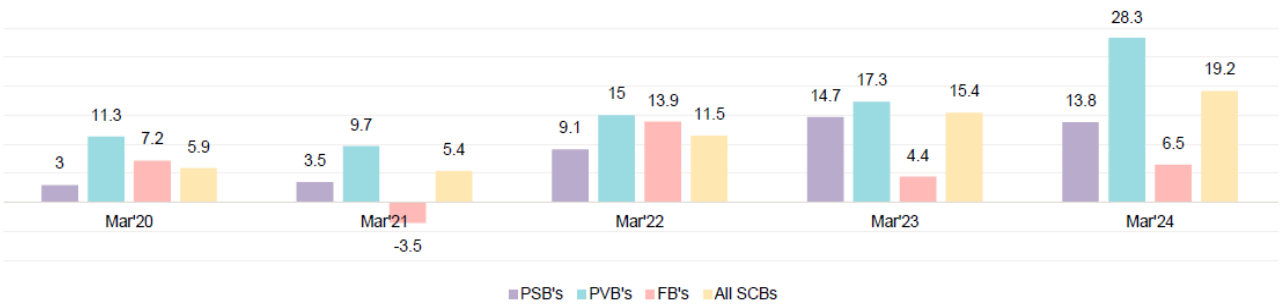
- Universal access to financial services – Self Regulatory Organisation(s) (SRO) for Fintech sector has been an important measure to enforce and establish directions for data privacy, security, and protection.

- Considering the advent of the technological landscape and need for provisions for safety, such SRO will ensure that guidelines provided the relevant Acts by RBI to the extent applicable.

2. Credit growth in India

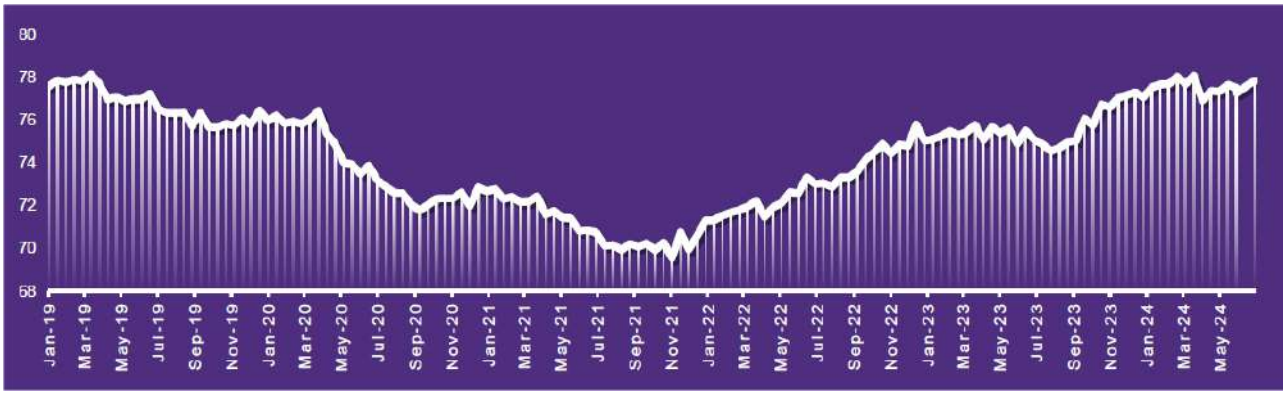
This chapter delves into the evolving landscape of credit growth in India, spotlighting key trends and developments over the past five years. It looks at how various sectors, including agriculture, industry, and services, have driven overall credit expansion. The chapter also covers patterns in personal loans and retail lending, offering a thorough analysis of the factors behind this growth. By providing these insights, the chapter aims to shed light on the broader implications of credit growth for India's economy.

2.1 Overall credit growth in India



Private sector banks (PVBs) have shown a substantial increase, averaging 16% growth year-on-year over the last 5 years and peaking in 2024 with 28% year-on-year growth, driven by their aggressive lending strategies and efficient risk management, indicating a robust post-pandemic economic recovery. On the other hand, public sector banks (PSBs) have displayed modest growth, averaging around 9% over the last 5 years due to their conservative approach and focus on cleaning up non-performing assets (NPAs). Foreign Banks (FBs) have seen a downfall in 2021 due to the pandemic but have seen an y-o-y growth as a post-pandemic economic recovery.

2.2 Trends of credit to deposit (CD) ratio



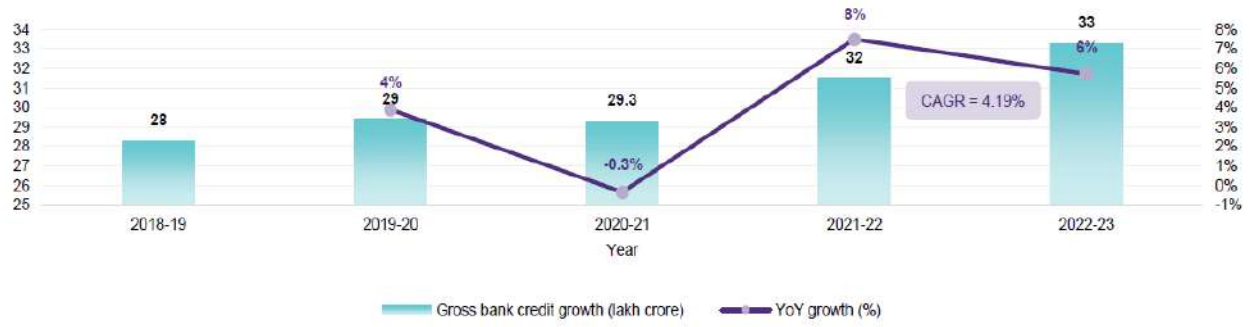
This ratio indicates the portion of each rupee of deposits that is being directed towards lending. A rising credit to deposit ratio suggests rapid credit growth, which could lead to increased risks and leverage among borrowers. For banks, this might imply a potential increase in non-performing assets (NPAs) if the economic conditions deteriorate. Consequently, this ratio is a valuable metric for assessing systemic risks within the economy.

CD Ratio = Total bank credit/aggregate deposits (demand + time deposits)

In early 2019, the credit to deposit ratio (CD) was around 78%, but it sharply declined to about 70% by early 2021 due to the COVID-19 pandemic that disrupted supply chains, reduced demand, and led to increased precautionary and forced savings, as opportunities to spend, especially on contact-intensive services, diminished. This confluence of factors caused a significant decline in credit growth, even as deposits increased, thereby impacting banks' net interest margins.

With the easing of lockdowns, increased lending, driven by government stimulus packages and RBI measures, the CD increased to approximately 76% by early 2023. Despite some fluctuations from early 2023 to early 2024, the CD remained around 78%, reflecting the banking sector's resilience amidst global economic uncertainties, inflationary pressures, and geopolitical tensions.

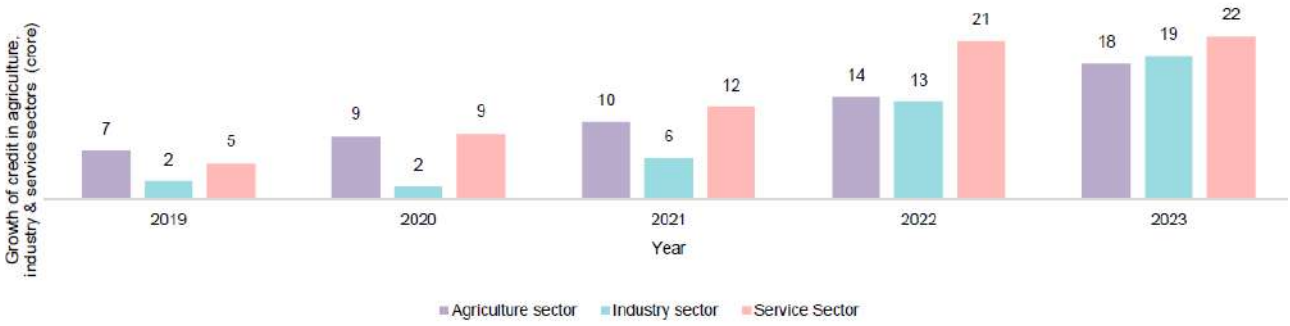
2.3 Gross bank credit growth



Gross bank credit refers to the total amount of credit disbursed by the banks excluding the inter-bank advances and but including the bills rediscounted with the Reserve Bank of India.

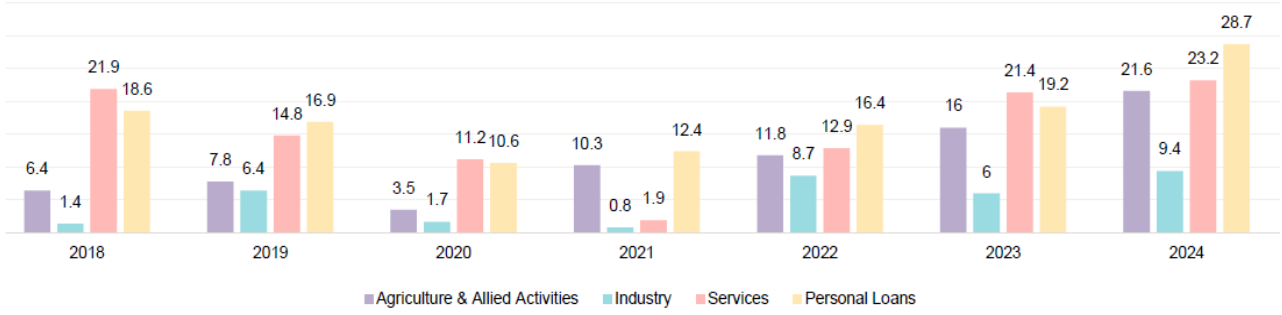
The same has seen a substantial growth for the last two years. A CAGR of 4.19% suggests the fact that the economy is on a path of correction and a robust economic growth is expected out of the same. This change is due to supportive government policies, technological advancements in fintech, increased digital literacy, and pandemic-driven demand for contactless transactions. Improvements in digital infrastructure, such as better internet connectivity and widespread smartphone use, have also contributed. Incentive programmes offering cashback and discounts have encouraged adoption.

2.4 Growth of credit through agriculture, industry, and service sector



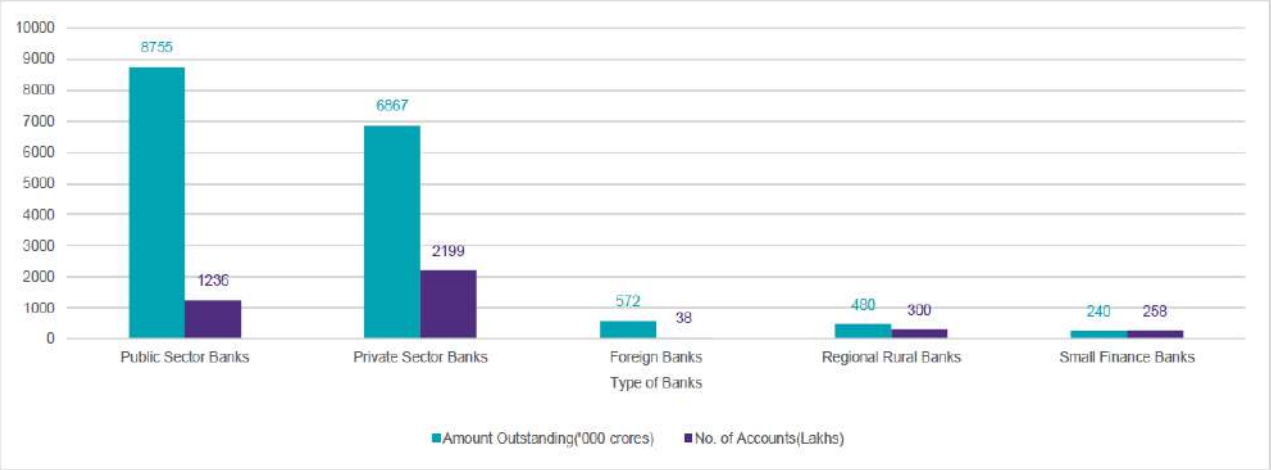
India's credit creation is growing strongly across all three major sectors: Primary sector which is growing with a CAGR of 27%; the secondary sector which is growing with a stark CAGR of 76% and the Service sector which is growing with CAGR of 45% from 2019 to 2023. The significant surge between 2021 and 2022 can be attributed to the government's 'Startup India Campaign', which promoted small businesses and increased loans, thereby boosting credit in the economy.

2.5 Growth of sector-wise credit by banks



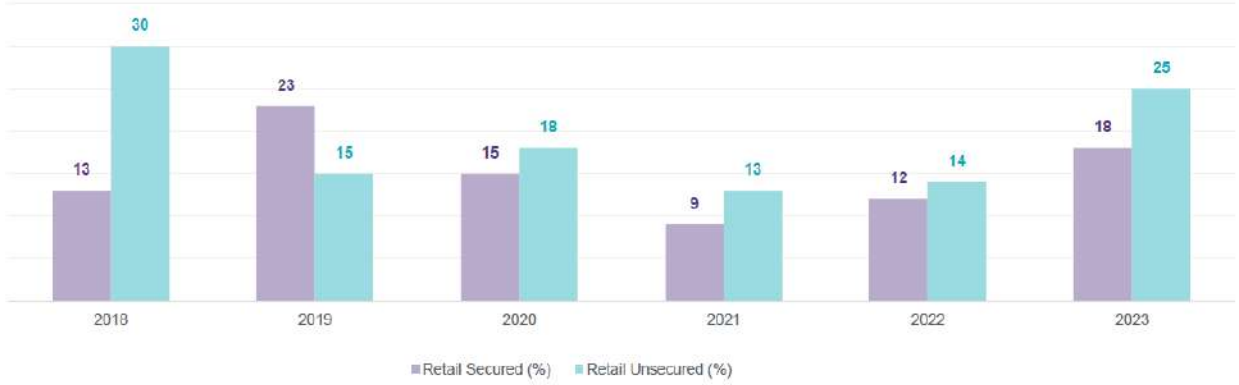
Personal loans saw a significant growth, peaking at 28.7% in 2024, driven by increased consumer borrowing and confidence post-pandemic, supported by government stimulus. The services sector also experienced strong growth, reaching 23.2% in 2024, indicating a recovery and expansion in service-oriented industries. The pandemic caused a notable slowdown in 2020, but the subsequent recovery shows the effectiveness of economic policies. Industry and agriculture showed steady, moderate growth, indicating resilience.

2.6 Category of Banks disbursing Credit by Volume and Value



Public sector banks dominate with the highest credit outstanding (₹5768 crore) and a significant number of accounts (122.6 lakh), highlighting their extensive reach. Private sector banks, with ₹6887 crore in credit and the highest number of accounts (219.9 lakh), show efficiency in managing large volumes. Small finance banks, despite fewer accounts (2.9 lakh), have substantial credit outstanding (₹240 crore), indicating a focus on high-value credit. To enhance their positions, banks should invest in digital services to streamline operations and expand financial inclusion.

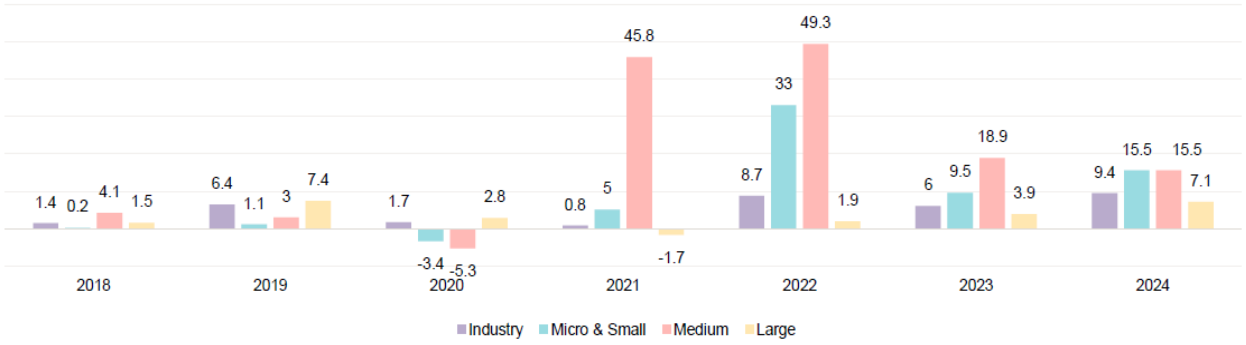
2.7 Trends of retail lending



The growth in retail unsecured loans has consistently surpassed secured loans due to higher profit margins, quicker processing times, and the rising demand from India's expanding middle class. In 2020 and 2021, the retail-secured loans growth rate declined to a low of 9% during the COVID-19 pandemic, before recovering to 18% in 2023. However, retail unsecured loans were more volatile. The unsecured segment peaked at 30% in 2018, then dropped to 15% in 2019. It rebounded to 25% by 2023. Both secured and unsecured components have registered growth rates higher than the overall bank credit growth.

Banks continue to prioritise the retail segment due to its historically low delinquency and slippage rates, which reflect higher credit quality compared to other segments. The consistent growth in retail credit and minimal delinquencies indicate that the prominence of retail credit within the overall credit growth aligns with long-term trends.

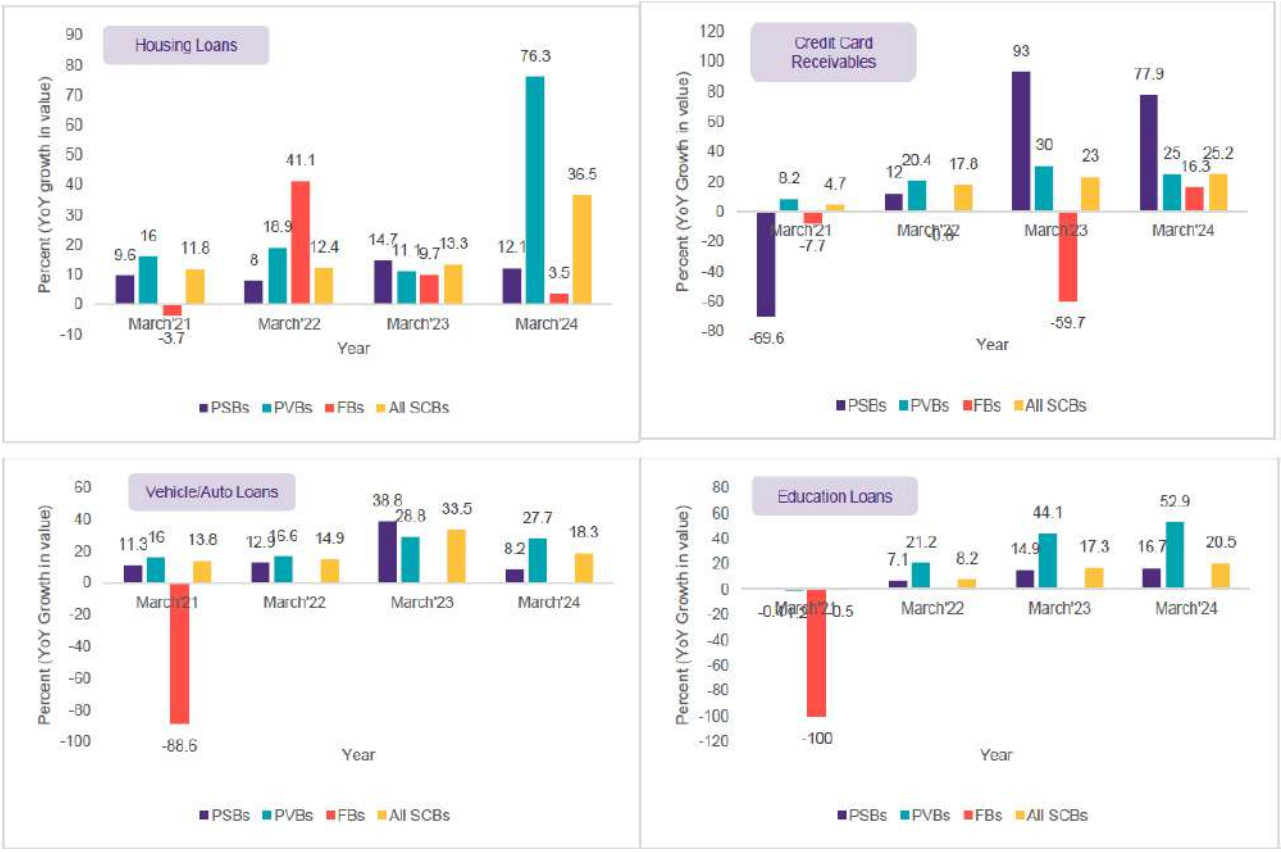
2.8 Growth of MSME lending



In 2020, the COVID-19 pandemic led to a sharp decline in the medium segment, resulting in negative growth. However, 2021 saw a strong recovery, with the medium segment and micro and small segments experiencing significant loan growth spikes of up to 50% and 30%, respectively, driven by government support and stimulus measures.

By 2023 and 2024, growth rates across all segments stabilised, with the medium segment peaking again at around 15%, and the industry and large segments maintaining consistent, moderate growth, indicating a balanced recovery across the economy.

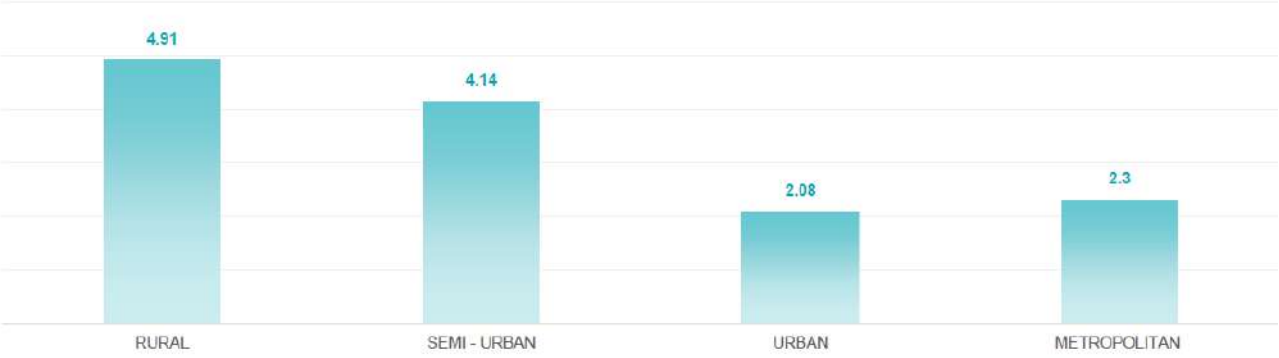
2.9 Growth of Credit in terms of value (in last 4 years)



In personal loans, housing loans represent the largest growing category terms of value, with a 36.5% year-over-year (YoY) increase, primarily driven by private sector banks, which saw a remarkable 76% growth. This

surge is attributed to rising income levels among the middle class. Credit card receivables have also shown consistent growth, reaching a YoY growth of 25.2% in 2024, largely propelled by public sector banks with a significant 77.9% increase, driven by the rising trend of digital payments and increased consumer spending. Education loans have been steadily increasing over the past four years, achieving a 20.5% YoY growth in 2024, driven by private sector banks. It highlights a significant shift towards growing emphasis on higher education and supporting higher education financing. However, the YoY growth rate of vehicle/auto loans has declined in 2024 compared to 2023, settling at 18.3% in 2024.

2.10 Region wise distribution of credit to small borrowers



The analysis of credit distribution to small borrowers in India shows targeted support based on regional needs. Rural areas receive the highest allocation at ₹4.91 lakh crores, reflecting efforts to enhance financial inclusion and support agriculture. Semi-urban regions follow with ₹4.14 lakh crores, focusing on developing peri-urban economies and micro-enterprises. Urban areas receive ₹2.08 lakh crores, aimed at addressing the diverse financial needs and supporting small businesses. Metropolitan regions are allocated ₹2.30 lakh crores, fostering startups, SMEs, and service sector enterprises, crucial for innovation and economic growth.

3. Growth of Credit Through NBFCs

This chapter focuses on the important role Non-Banking Financial Companies (NBFCs) play in credit growth in India. It discusses the scale-based regulation of NBFCs and the effect of regulatory changes on NBFCs. The chapter also highlights the trends in activity-based credit, personal loans, and Gross Net Performing Assets (GNPA). It covers the various sources of borrowing by NBFCs and evaluates their asset quality, offering a comprehensive view of their contribution and resilience in the financial sector.

3.1 Classification of NBFCs

Type of NBFC	Nature of Activity / Principal Business
Investment and Credit Company (ICC)	Engaged in lending and investment activities.
Infrastructure Finance Company (IFC)	Provides loans specifically for infrastructure projects.
Infrastructure Debt Fund (IDF)	Facilitates long-term debt financing for infrastructure projects.
Core Investment Company (CIC)	Invests in equity shares, preference shares, debt, or loans of associated companies.
NBFC - Micro Finance Institution (NBFC-MFI)	Offers collateral-free loans and advances to small borrowers.
NBFC – Factor	Specializes in factoring, or financing of receivables.
Non-Operative Financial Holding Company (NOFHC)	Establishes new banks in the private sector through its promoters or promoter groups.
Mortgage Guarantee Company (MGC)	Provides guarantees for mortgage loans.
Asset Reconstruction Company (ARC)	Acquires and manages financial assets sold by banks and other financial institutions.
Peer-to-Peer Lending Platform (P2P)	Offers an online platform to connect lenders and borrowers for fund mobilization.
Account Aggregator (AA)	Gathers and organizes customer financial information for easy access and retrieval.
Housing Finance Company (HFC)	Provides financing for housing purposes.

3.2 Scale-based regulation for NBFCs

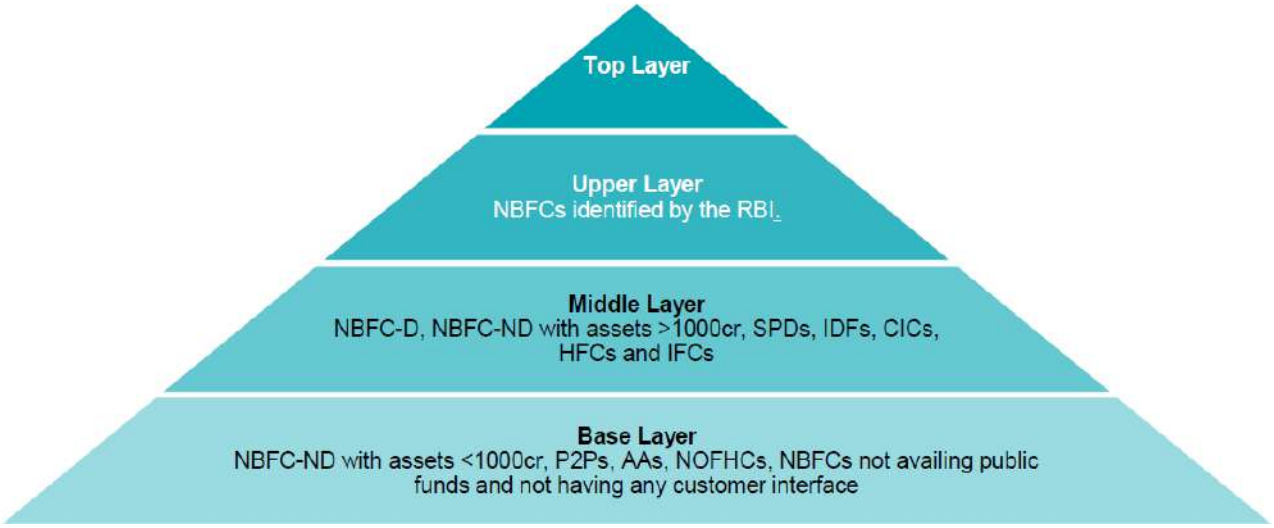
From October 2022, the Scale Based Regulation (SBR) for NBFCs was introduced, classifying them into four tiers: Base Layer (NBFC-BL), Middle Layer (NBFC-ML), Upper Layer (NBFC-UL), and Top Layer (NBFC-TL) based on the NBFC's size, activities, and risk levels.

The Base Layer comprises non-deposit taking NBFCs with assets less than ₹1000 crore and those engaged in specialized activities, including peer-to-peer lending, account aggregation, non-operative financial holding companies, and NBFCs that don't accept public funds and have no direct customer interface.

The Middle Layer includes a range of NBFCs, such as all deposit-taking NBFCs regardless of size, non-deposit taking NBFCs with assets over ₹1000 crore, and those engaged in specific activities like primary dealing, infrastructure debt funding, core investment, housing finance, and infrastructure finance, which require closer regulatory oversight due to their systemic importance or business complexity.

The Upper Layer consists of NBFCs that the RBI has identified as requiring stricter regulations, based on predetermined parameters and scoring methods given by RBI. Additionally, the top ten NBFCs by asset size will automatically be placed in the Upper Layer, regardless of other factors, to ensure closer monitoring of systemically important entities.

The Top Layer is intended to be left vacant, but the Reserve Bank may populate it with specific NBFCs from the Upper Layer if it determines that they pose a significantly increased systemic risk. In such cases, these NBFCs will be moved up to the Top Layer.



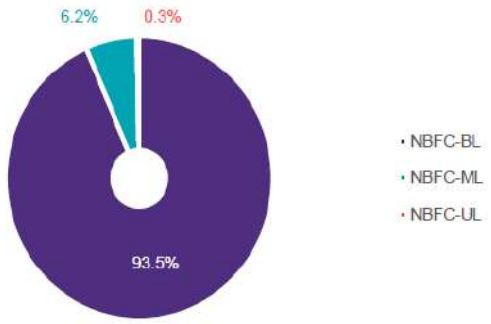
3.3 Key regulatory changes and their potential impact on NBFC-MFIs

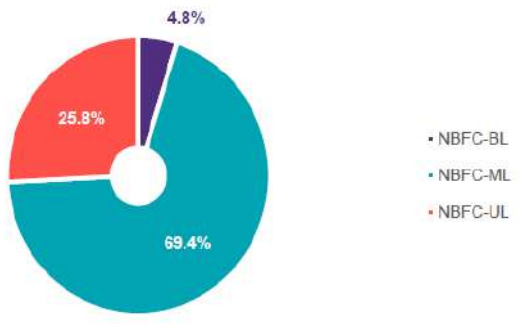
In February 2021, the RBI recognised the need to harmonise regulations governing microfinance lending, leading to a redesign of the regulatory framework. This harmonisation aims to create a level playing field for NBFC-MFIs, banks, and small finance banks (SFBs) by subjecting them to the same rules, thus removing the competitive edge previously enjoyed by banks and SFBs. Key regulatory changes include establishing a common definition for microfinance loans, implementing a board-approved policy for household income assessment, capping loan repayment obligations to 50% of household income, offering greater flexibility in repayment frequency, removing penalties for early repayment and collateral requirements, and introducing a standardised fact sheet for loan pricing transparency. The guidelines also align pricing rules for NBFC-MFIs with those for other NBFCs and withdraw specific regulations that applied only to NBFC-MFIs, such as the two-lender norm and particular pricing instructions.

Area of regulation	Old regulations		Revised regulations
	For NBFC-MFIs	For banks and SFBs	For all regulated entities*
Loan pricing	Margin cap at 10% for large MFIs (loan portfolios > INR 100 crore) 12% for small MFIs (loan portfolios < INR 100 crore)[79]	No restrictions	There is no cap on loan pricing. Loans must be underwritten based on a risk assessment, with a risk premium charged according to the borrower's profile. A board-approved policy for loan pricing must be established, detailing the
Processing fees	Not more than 1% of gross loan amount[80]		

			interest rate model, the spread range for different borrower categories, and the maximum interest rate and other charges on microfinance loans.
Qualifying criteria	85% loans unsecured[81]	Must meet the target set for priority sector loans.	The requirement for NBFC-MFIs is that at least 75% of their total assets must be in microfinance loans. For other NBFCs, the maximum allowed microfinance loans have increased from 10% to 25% of their total assets.[82]
Household income	Rural areas: INR 125,000 p.a. Urban areas: INR 200,000 p.a.[83]	No restrictions	No change
Ticket size of loans	INR 75,000 in the first cycle and INR 125,000 in the subsequent cycles[84]		
Tenure of loans	Not to be less than 24 months for loan amount more than INR 30,000[85]		
Overall borrower indebtedness	Should not exceed INR 125,000[86]	No restriction	The maximum repayment obligation for a household towards all loans is limited to 50% of its monthly income.[87]
Lending to the same borrower	Not more than two lenders allowed per borrower[88]	More than two banks can lend to the same borrower	

3.4 Distribution of NBFC (at end-March 2022)



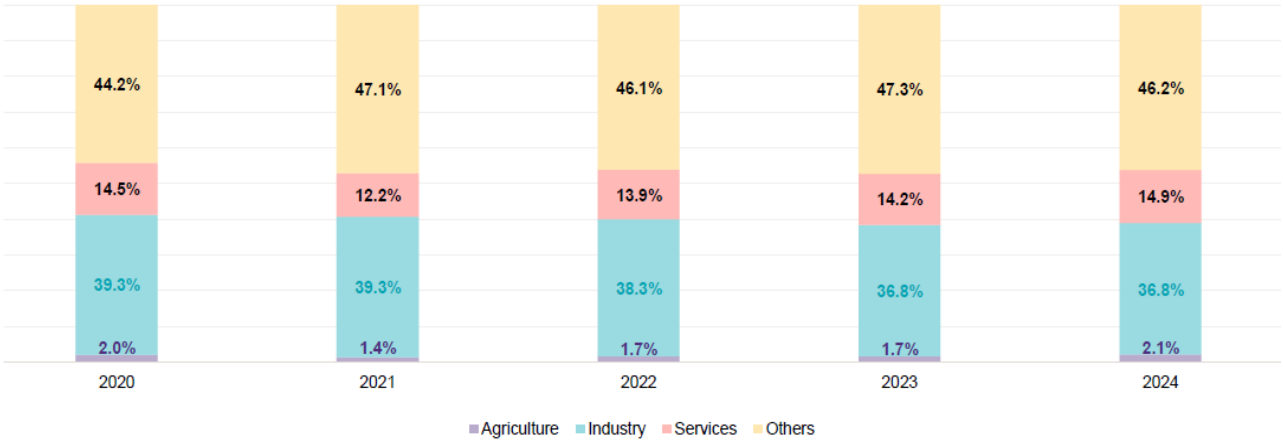


The NBFC sector in India has experienced rapid growth, extending financial services to previously underserved groups through specialized products. However, this expansion has led to increased interconnectedness with the broader financial system, prompting regulatory action. To address this, the

Reserve Bank has introduced a tiered regulatory framework, scaling requirements to the size and complexity of NBFCs.

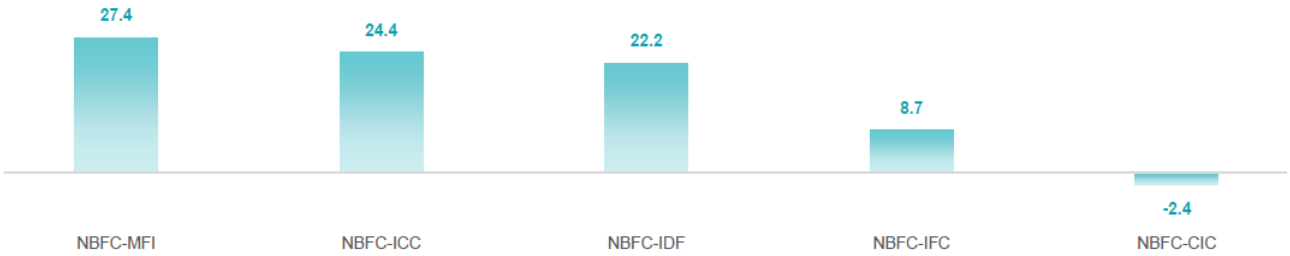
As of March 2022, the majority of NBFCs (94%) fell under the smaller NBFC-BL category, yet they accounted for only 5% of total assets. In contrast, a small fraction of NBFCs (6%) held a significant 95% of total assets, indicating a high level of market concentration. In response, the Reserve Bank has implemented increasingly stringent regulations for larger NBFCs to ensure stability and mitigate potential risks.

3.5 Distribution of NBFC credit across Sectors



The distribution of NBFC credit across sectors from 2020 to 2024 has been relatively stable. The agriculture sector maintains a steady 2% share, while the industry sector's share has slightly increased from 14.5% to 14.9%, despite fluctuations. Services see a drop from 39.3% to 36.8%. The most notable change is in the "Others" category which includes personal loans, retail loans etc, growing from 44.2% to 46.2%. This trend indicates NBFCs' increasing focus on diversifying credit into emerging or non-traditional sectors, reflecting strategic shifts to capitalize on new opportunities and manage risks better.

3.6 Activity-based credit of NBFC for 2024



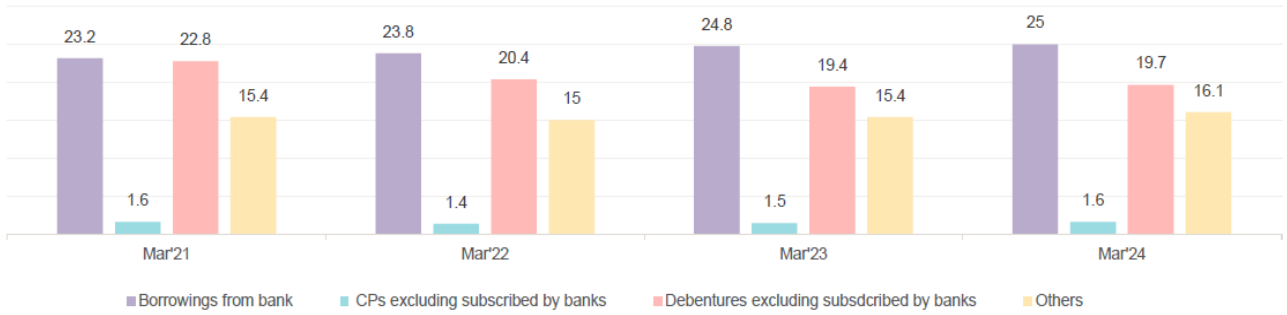
The RBI has classified NBFCs based on the core activities they focus on. The activity-based credit growth of NBFCs in the post-pandemic years reveals contrasting trends across different categories. NBFC-MFIs, the largest category by activity, have seen accelerated credit growth at 27.4%, showing an enhanced focus on financial inclusion, followed by 24.2% growth in NBFC-Investment and Credit Companies (ICCs), indicating a strong recovery and increased demand for investment and credit services. Conversely, infrastructure finance companies (IFCs) have experienced a deceleration in credit growth. This slowdown can be attributed to delayed infrastructure projects, funding constraints, and cautious lending practices in the face of economic uncertainties. The negative growth rate for Core Investment Companies (NBFC-CICs) in 2024 can be attributed to adverse market conditions including economic slowdowns or equity market volatility, which have impacted their decisions.

3.7 Trends of borrowing by NBFCs

3.7.1 Trends of borrowings by NBFCs'

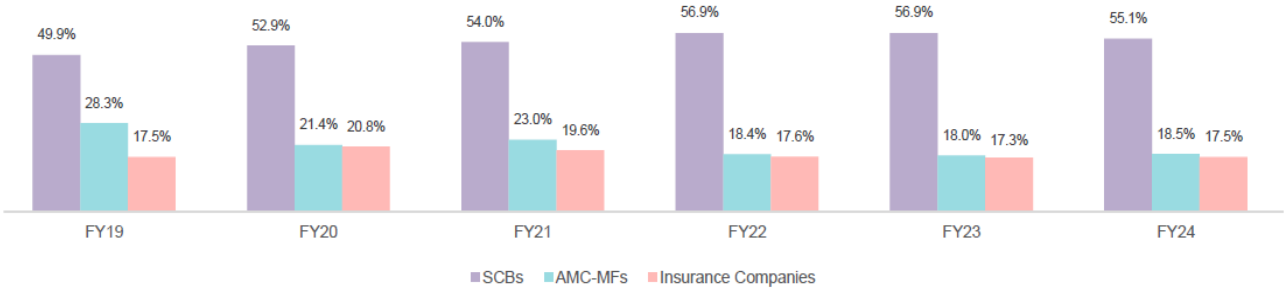
There is a 4% decrease in dependence on borrowings in 2022 by NBFCs. Share capital, reserves, and surplus compensate for the decrease in borrowings during March 2021-22. However, after 2022, the share of borrowings in the funding sources is steadily increasing. The increasing reliance on bank borrowings (from 19.8% to 22.6%) and the growing share of total borrowings from banks (from 23.2% to 25%) suggests a deepening dependence on bank funding.

3.7.2 Source of borrowings by banks



The borrowing from banks is gradually increasing over the last four years, while resource mobilisation through debentures is declining (included in total borrowings from banks and has declined from 3% in 2021 to 2.1% in 2024), and through CPs, remains almost unchanged. In March 2024, about four-fifths of the funds sourced from banks are secured.

3.7.3 Share of Top Three Lenders for NBFC

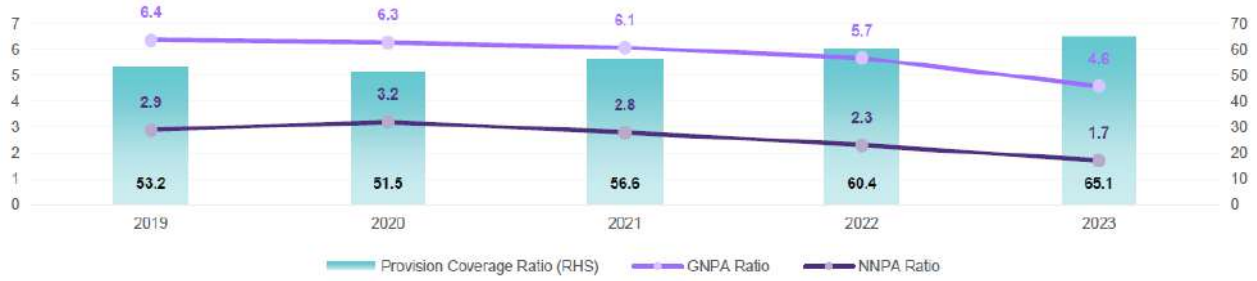


The share of top three lenders for NBFCs from FY19 to FY24 have remained relatively constant. SCBs dominate, increasing their share from 49.9% to 55.1%, with a CAGR of 2.0%. AMC-MFs show a declining trend from 28.3% to 18.5%, with a negative CAGR of 8.2%. Insurance companies maintain a stable yet low share around 17-18%. This trend highlights SCBs' growing importance as primary lenders to NBFCs, while

AMC-MFs' involvement decreases, indicating a shift in their investment strategies. Insurance companies remain consistent but less influential in NBFC lending.

3.8 Asset quality of NBFCs

In the Fiscal year 2023, NBFCs experienced a significant improvement in asset quality, thanks to better collection processes and an upturn in economic conditions. Despite previous challenges from aggressive growth, regulatory changes, and the impacts of COVID-19, the sector successfully reduced gross non-performing assets (GNPA) by the end of the fiscal year.



The RBI granted NBFCs an extension until 30 September 2022 to meet the new NPA norms, requiring that loan accounts classified as NPAs be upgraded to standard assets only if all arrears of interest and principal were fully paid by the borrower. In the fiscal year 2022-23, the asset quality of NBFCs saw notable improvement, with reduced slippages contributing to a five-year low in the GNPA ratio. The provision coverage ratio (PCR) also increased significantly, from 51.5% at the end of March 2020 to 65.1% by the end of March 2023.

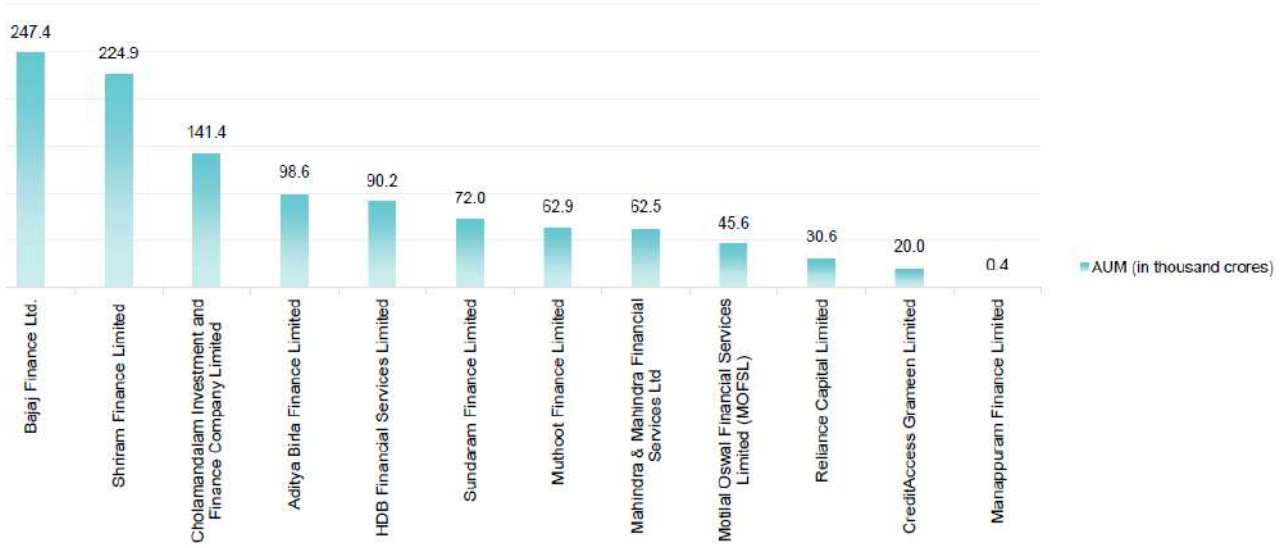
This rise reflects a stronger financial buffer against potential loan defaults, enhancing NBFCs' stability and investor confidence. By the end of September 2023GNPA and NNPA ratios declined to 4.1% and 1.5%, respectively. This ongoing reduction demonstrates a sustained improvement in asset quality, suggesting a positive trend in the sector's health.

3.9 Trends of personal loans Gross Net Performing Assets (GNPA) through NBFCs

The Gross Net Performing Assets (GNPA) in personal loans through NBFCs continued to fall post the pandemic, showing a CAGR of (-)15.8%. This indicates that the quality of assets is improving and there are fewer defaults.

As of March 2024, the GNPA stands at 3.1% of the total GNPA across all NBFCs.

3.10 Comparison of Private Led NBFCs and Upper NBFCs (as categorised by RBI)



Among the top NBFCs, Bajaj Finance Ltd. leads with an AUM of ₹247.4 thousand crores, followed by Shriram Finance Ltd. (₹224.9 thousand crores) and Cholamandalam Investment and Finance Company Ltd. (₹141.4 thousand crores). Aditya Birla Finance Ltd. (₹98.6 thousand crores) and HDB Financial Services Ltd. (₹90.2 thousand crores) also show significant assets. Muthoot Finance Ltd. and Mahindra & Mahindra Financial Services Ltd. have AUMs of ₹62.9 and ₹62.5 thousand crores, respectively. These figures underscore the financial strength and market presence of these upper NBFCs as categorized by RBI.

4. Growth of the co-lending sector

This chapter explains the norms and various models of co-lending and Growth of co-lending since RBI directions (FIDD.CO.Plan.BC.08/04.09.01/2018-19) in 2018. It highlights the sector's rapid expansion fuelled by new technologies and strategic partnerships. It examines the extent of co-lending adoption among major banks like SBI, Central Bank of India, and Canara Bank, showcasing their pivotal roles in advancing these practices. Through these insights, the chapter aims to provide a clear understanding of the factors fuelling the growth of co-lending in India.

The RBI's identification of priority sectors like agriculture, MSMEs, education, and housing marked the beginning of a journey to increase credit flow and support economic growth. To achieve this, the RBI issued guidelines for banks to lend to these priority sectors, known as Priority Sector Lending (PSL). However, banks faced challenges in lending to these sectors, including limited reach in rural areas, higher risk perception, and higher operational costs.

To address these challenges, the RBI recognized the need for collaboration between banks and NBFCs. This led to the introduction of the Co-Lending Model (CLM), which allowed banks to partner with NBFCs to co-lend to priority sectors. The CLM offered several benefits, including increased credit reach in rural areas, shared risk, and rewards between banks and NBFCs, lower operational costs, and improved recovery rates.

As a result, banks and NBFCs entered into co-lending agreements, leveraging each other's strengths to lend to priority sectors. This partnership enabled banks to meet their PSL targets more efficiently and effectively, amplifying priority sector lending. In essence, the Co-Lending Model evolved from the Priority Sector Lending guidelines as a solution to address the challenges faced by banks in lending to priority sectors. By collaborating with NBFCs, banks can increase credit flow to underserved areas, share risks, and improve recovery rates.

Partnership-Based Lending (PBL) or Co-Lending Model (CLM) is a collaborative arrangement where one party originates a loan and another party takes on a larger proportion (typically 80-100%) of the loan on their books. The originator retains a smaller share (usually 20%) and handles collections and loan activities. This

model enables smaller NBFCs and fintechs to leverage larger partners' balance sheets, expanding their customer base with less capital.

Key highlights of Co-Lending Norms:

- Co-lending banks take their share of individual loans on a back-to-back basis.
- NBFCs retain at least 20% of individual loans on their books.
- Banks and NBFCs must formulate Board-approved policies for CLM and publish them on their websites.
- Master agreements may allow banks to either mandatorily take their share of loans or retain discretion to reject certain loans after due diligence.
- CLM is not applicable to foreign banks with fewer than 20 branches.

Banks have multiple partnership options with NBFCs to achieve PSL goals, including:

1. Priority Sector Lending Certificates (PSLC)
2. Securitization
3. Business Correspondent (BC) model
4. Co-Lending model

Models of Co-Lending: The RBI emphasised on co-lending by banks and NBFCs to the priority sector to improve the flow of credit to the unserved and underserved sector of the economy. It released a notification in November 2020 highlighting co-lending models.

Co-Lending Model 1(CLM1): Under this model, loan is originated and disbursed by both banks and NBFC. It is proportionately reflected in the balance sheet as per the terms of agreements, thus ensuring shared participation in the lending process.

Co-Lending Model 2 (CLM2): The NBFC originates and disburses the entire loans initially post which up to 80% of the amount is reimbursed by banks. This appears in banks' balance sheet on back-to-back basis, allowing banks to meet priority sector lending while the NBFC focuses on customer reach and loan origination.

4.1 Emphasis of Government on Co-lending Sector

The Department of Financial Services (DFS) has recommended the formulation of a committee on Co-Lending, led by the State Bank of India (SBI). This initiative aims to optimize co-lending practices and enhance credit flow to Micro, Small, and Medium Enterprises (MSMEs).

The SBI-led Co-Lending Committee, comprising six members, held its first meeting on May 31, 2024. The committee's primary objectives are to streamline co-lending practices and address existing credit gaps. It aims to promote financial inclusion for MSMEs through synergistic partnerships between banks and Non-Banking Financial Companies (NBFCs)

This initiative underscores the growing importance of the co-lending sector in driving economic growth and financial inclusion. By leveraging the strengths of banks and NBFCs, the co-lending model has the potential to increase credit access for MSMEs, thereby supporting their growth and development.

The committee is expected to play a crucial role in shaping the future of co-lending in India in the following areas

- Developing standardized co-lending guidelines
- Enhancing risk management practices
- Fostering greater collaboration between banks and NBFCs
- The Co-Lending Sector Initiative marks a significant step towards enhancing credit access for MSMEs.

By optimizing co-lending practices and promoting financial inclusion, this initiative has the potential to drive economic growth and support the development of a vibrant MSME ecosystem.

4.2 Adoption of technology in co-lending

e-KYC (Electronic Know Your Customer) and Aadhaar ID verification to streamline the customer verification process, preventing identity fraud and reducing the need for physical documents and in-person verification.

e-Sign to facilitate paperless operations by allowing customers to sign documents electronically.

Unique credit score card using artificial intelligence and machine learning to evaluate the creditworthiness of customers by analysing a variety of data points, such as payment history, demographics, age, and location, to predict the likelihood of default and assign low-risk or high-risk scores to customers.

Account aggregators to get financial information relevant to the borrower, including deposits, investments, insurance, pension schemes, credit instruments, etc.

Loan origination systems (LOS) and loan management system (LMS) to enable seamless and real-time tracking of all stages of the loan lifecycle, from application to disbursement and repayment, ensuring that the data is accurate and up to date, reducing processing times and minimising errors.

Fetch credit history from credit bureaus to provide a detailed history of a customer's credit behaviour, including past loans, credit card usage, and repayment history, supplementing the unique credit score for comprehensive evaluation.

Proprietary application to offer multiple loan repayment methods, such as QR codes, SMS-based links, and voice-based payments, enhancing convenience for customers.

Management information system to provide management with real-time data on business parameters, including loan disbursement, collection trends, and field officer activities.

Enterprise resource planning (ERP) solutions offer a centralised platform for managing financial data, ensuring accurate and timely reporting, and supporting strategic decision-making through detailed financial insights.

4.3 Growth drivers of co-lending sector

The factors supporting the co-lending sector include:

Regulatory support: The RBI has been a major proponent of the co-lending model. The RBI's notifications and circulars have facilitated the collaboration between banks and NBFCs to extend loans to priority sector borrowers. This regulatory backing aims to harmonise lending efforts across various sectors and improve financial inclusivity.

Cost efficiency: The co-lending model combines the low cost of funds from banks with the operational efficiency and agility of NBFCs. This synergy reduces the overall cost of lending, making loans more affordable and accessible to end-users, particularly in the priority sector.

Market potential: India has significant potential for expansion as a retail credit market. The co-lending model enables banks to create priority sector assets without committing extra resources, while NBFCs benefit from building a high-quality loan book and maintaining profitability.

Inclusive growth: The co-lending model supports inclusive growth by targeting sectors that are often underserved by traditional financial institutions. This includes SMEs, agriculture, and housing. By leveraging the strengths of both banks and NBFCs, the model aims to uplift these sectors from economic hardships.

Technological integration: The integration of technology by NBFCs allows for better reach and service delivery to remote areas. This technological advancement, combined with the robust financial backing of banks, enhances the efficiency and effectiveness of lending and borrowing in the priority sector.

Enhanced credit access: The co-lending model addresses the credit access crisis for SMEs and retail customers. By pooling resources and expertise, banks and NBFCs can extend credit to segments that traditionally face challenges in securing loans due to stringent compliance and collateral requirements.

4.4 Large banks opting for co-lending

Almost all scheduled commercial banks (except regional rural banks and small finance banks) are increasingly entering into co-lending partnerships with NBFCs, particularly targeting priority sectors. These collaborations aim to combine the extensive financial resources and regulatory expertise of banks with the specialised market knowledge and agility of NBFCs. By working together, these institutions can enhance their lending capabilities, reach a broader customer base, and provide more efficient and accessible credit solutions. This trend reflects a strategic shift in the financial industry to better serve underserved segments, such as agriculture, retail and MSME thereby promoting economic growth and financial inclusion.

4.4.1 Adoption of co-lending by SBI

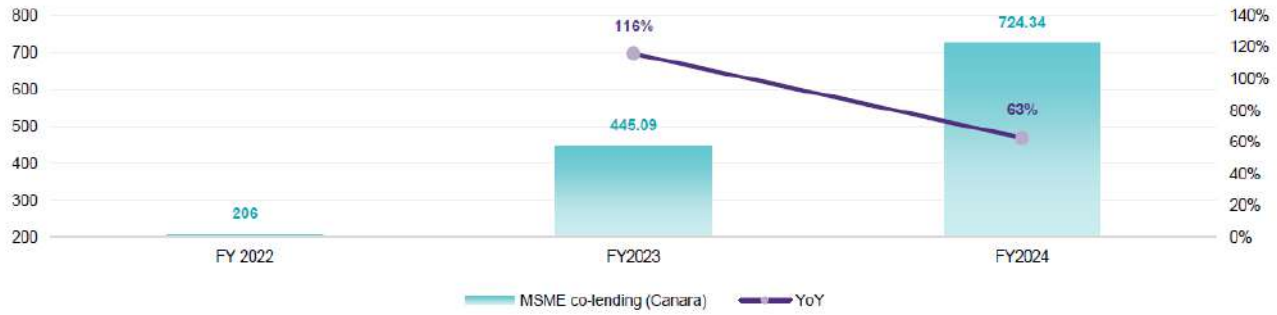
The largest public sector bank in India, the SBI, in the fiscal year 2022-23, processed over 1,52,000 transactions amounting to INR 865 crore to NBFCs for co-lending. This highlights the impact that is created through these NBFCs in better penetration of credit in agriculture, personal loans and MSMEs. The co-lending initiative for the State Bank of India declined sharply in the second year of its existence in the sphere, showing a contraction of almost Rs.396 crore in the sphere.

4.4.2 Adoption of co-lending by Central Bank of India

Below is the amount sanctioned in FY 2024 by the Central Bank of India for co-lending. This highlights that the MSME sector is the greatest beneficiary, followed by retail and corporate. Co-lending has been increasing for MSMEs at large, that too at an exponential rate, with a CAGR of 424% approximately. While the growth of the same in the fields of agriculture and the corporate sector have seen a growth at a relatively less rate, the sectoral growth still looks promising. On the other hand, co-lending took a sharp increase between FY 2022 and FY 2023 for the retail sector but contracted in the next year (FY 2024), showing a downfall of approximately 46%.

Segment	Sanction FY 2022	Sanction FY 2023	Sanctions during FY 2024
MSME	198.63	198.63	5,461.02
Retail	1588.98	3694.32	1,980.70
Agriculture	1.68	4.72	7.05
Corporate	Nil	Nil	391.47

4.4.3 Co-Lending in MSME sector by Canara Bank



- The co-lending initiative of Canara Bank has been increasing at an exponential rate, showing more than 100% growth in the value of loans sanctioned in the very first year of its deployment since FY 2022.
- It has been growing ever since with a CAGR of 87.47% throughout, portraying that the co-lending penetration is increasing especially in the MSME sector.
- The value of loans sanctioned in FY2024 peaked at 724 crores, reflecting an initiative to foster financial inclusion and stimulate economic growth in India.

4.4.4 Adoption of co- lending by UCO bank:

As of 2022, UCO bank adopted co-lending model for agriculture and collected Rs 167.39 crore for the same. Moreover, as for retail, the portfolio for co-lending has experienced an increment by Rs 1121 crore in FY 2022-23 and Rs 1822 crore by the end of FY 23.

4.4.5 Adoption of co-lending by Bank of India:

Under MSME & Retail products, Bank of India with various NBFCs, has disbursed total amount of Rs 186 crore with an increase of 60%, i.e., Rs 95 crore during FY24. Furthermore, the bank has planned to double the tie-ups with an incremental growth of 200% in co-lending domain by FY25.

5. State of Indian MSME market

This chapter provides an in-depth analysis of the Indian MSME (Micro, Small, and Medium Enterprises) market, focusing on its current state and recent developments. It discusses government initiatives designed to tackle structural issues within the sector, including the introduction of the Licensing Account Aggregator. The chapter also explores the significant reliance on informal sources for MSME credit demand and highlights key industry parameters for MSME loans. These insights collectively offer a comprehensive view of the MSME market's challenges and opportunities in India.

India's MSME sector has grown significantly, totalling to estimated 630 lakhs in 2023. These small businesses play a vital role in supporting large corporations and serving end-users directly. By providing employment opportunities in rural areas, reducing regional disparities, and promoting equitable wealth distribution, MSMEs drive socio-economic development. Currently, they contribute substantially to India's economy, accounting for 30% of GDP and over 40% of exports thereby fuelling economic growth and development.

The RBI has aligned its definition of MSMEs with the MSMED Act, 2006, based on investments in plant and machinery. To expand the definition and account for inflation, the Government revised the investment limits and introduced a turnover-based criteria in June 2020, eliminating the distinction between manufacturing and services sectors. This move brought more enterprises under the MSME umbrella. Further, in June 2021, the Government included retailers and wholesalers in the MSME definition, enabling them to access priority sector lending benefits, register on the Udyam portal, participate in government tenders, and avail financing options. This expansion is expected to have a positive long-term impact.

S.No	Component	Share in MSME Sector
1	Micro	99.46%
2	Small	0.52%
3	Medium	0.02%

India's MSME sector supports a vast workforce of approximately 1110 lakh individuals, with around 381 lakh engaged in trade activities and 360 lakh in manufacturing. Notably, small and medium-sized manufacturing enterprises are predominantly found in rural areas, while trading and other operational enterprises are mostly concentrated in urban centers. This dichotomy highlights the sector's diverse geographic footprint, with rural areas driving manufacturing growth and urban areas dominating trade and commerce.

5.1 Government initiatives addressing structural issues in the MSME market

Micro, small and medium enterprises (MSMEs) are driving forces propelling the Indian economy towards global standards. MSMEs employ over 2 crore people. Due to government initiatives and technology innovation, the MSME sector has seen exponential growth, accounting for 46% of India’s total exports. To help and foster MSME, the Ministry of MSME has launched and implemented various schemes offering credit support, new enterprise development, skill development and training and market assistance to MSMEs through initiatives.

5.1.1 Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE)

It offers credit guarantees to help MSMEs access bank credit without the hassles of crushing collaterals or third-party guarantees. MSMEs can access collateral-free loans up to INR 5 crore, with a guaranteed coverage of up to 85% for multiple loan categories under CGTMSE. It has covered over 67 lakh beneficiaries in the first 22 years and has had a positive impact on six major areas in the MSE sector, viz., technology upgradation, skill degradation, market development, sustainability of the scheme, economic impact, and social impact. During January-November 2023, 12.50 lakh guarantees were approved, amounting to INR 1.46 lakh crore.

5.1.2 The Prime Minister Employment Generation Programme (PMEGP)

Established to create employment opportunities for MSMEs in India, the PMEGP provides loans and working capital up to INR 25 lakh for manufacturing and INR 10 lakh for service sector MSMEs through bank disbursal. It is implemented at the national level by the Khadi and Village Industries Commission (KVIC) and at the state and district levels by state KVIC directorates, state Khadi and Village Industries Boards (KVIBs), District Industries Centres (DICs), and banks. Since its inception in 2008 and until 30 November 2023, over 9.29 lakh micro-enterprises have been supported across the country with the disbursement of a margin money subsidy of INR 34,517 crore, generating a total estimated employment for around 78.36 lakh persons.

5.1.3 Raising and Accelerating MSME Performance (RAMP)

It aims to improve the access of MSMEs to both the global market and credit. RAMP aims to foster the sector by accelerating centre-state collaboration in MSME promotion and development, enhancing the effectiveness of the existing Ministry of MSME schemes for technology upgradation, strengthening the receivable financing market for MSMEs, enhancing the effectiveness of Credit Guarantee Trust for Micro & Small Enterprises (CGTMSE), and promoting guarantee for greening initiatives of MSEs, and women-owned MSEs, and reducing the incidence of delayed payments to MSEs. An outlay of INR 6,000 crore has been assigned for five years to ensure the implementation. The scheme aims to benefit over 5.5 lakh MSMEs.

5.1.4 Micro and Small enterprises Cluster Development Program (MSE-CDP)

The objective of the scheme is to enhance productivity and competitiveness of MSEs by extending financial assistance as the government grant for establishment of new/upgradation of industrial area by development of clusters. It is a demand-based scheme that facilitates:

- Common Facility centres (CFCs): the grant will be restricted to 70% of the project cost (Rs 5-10 Cr) and 60% of project cost (10-30Cr)
- Infrastructure Development: The grant will be restricted to 60% of the project cost (Rs5-15Cr) for setting new industrial estate/Flatted factory complex and 50% of project cost (Rs 5-10Cr) for upgradation of existing industrial estate.

5.1.5 Credit Guarantee Fund Scheme extended to cover NBFCs

Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE) facilitates collateral free credit to MSMEs, or third party guarantee free loans to MSEs, especially in the absence of collateral. Eligible MSEs can now offer collateral/third-party guarantee-free credit facilities to new and existing Micro and Small Enterprises (including Service Enterprises), both for fund-based and non-fund-based needs. These facilities come with a maximum credit limit of Rs.2 crores under the scheme. Recently, the scheme's guarantee coverage has been extended to include selected NBFCs and Small Finance Banks. Moreover, in respect of MSE (Micro and Small Enterprises) Retail Trade, limit for the coverage of credit facility is up to Rs 1 crore.

Following are the responsibilities of NBFCs in regard to this scheme:

- An NBFC, which is also known as member lending institution (MLI), is eligible to evaluate credit applications using prudent banking judgement and due diligence.
- These institutions are responsible for recovering the full amount from the borrowers even after the Trust (CGFTMSE) pays a guarantee claims simultaneously exercising necessary precautions to initiate the process.
- Furthermore, MLIs avoid creating any charges on guaranteed securities and secure the Trust’s right to lost defaulted borrowers on its website.

5.2 Licencing Account Aggregator

The Account Aggregator (AA) network is designed to transform lending and investing by allowing consumers easier access to and control over their financial data, which in turn expands opportunities for lenders and fintech companies. Regulated by the Reserve Bank of India (RBI), this framework enables individuals to securely and digitally share their financial information from one institution to others within the AA network.

Financial information providers (FIPs) are regulated financial institutions offering services such as banking, lending, asset management, insurance, and other financial products. Financial information users (FIUs) are organisations registered and overseen by financial sector regulators, including the RBI, the Securities Exchange Board of India (SEBI), the Insurance Regulatory and Development Authority of India (IRDAI), and the Pension Fund Regulatory and Development Authority (PFRDA). Account aggregator apps collect data from FIPs and deliver it to FIUs based on user consent, eliminating the need for users to visit multiple websites, download documents, or manually provide hard copies.

5.3 MSME credit demand largely met by informal sources

The potential market for residential property-backed small business lending is estimated at INR 20-25 lakh crore.

The substantial gap between the supply and demand for credit and the number of affected enterprises highlights a significant opportunity in MSME financing. Various players, including but not limited to universal banks, small finance banks, traditional NBFCs, new age fintechs, MFIs and local money lenders – strive to meet the financing needs of MSMEs by offering secured or unsecured loans across different tenures.

Key formal players in this segment include credit lending companies like Five Star Finance, Vistaar Financial, veritas Finance and AU Small Finance Bank, etc.

Despite the significant opportunity that exists in the market, the MSME sector is largely financed by informal sources of credit because factors such as lack of collateral, complex loan processing in formal credit lending institutions, soaring interest rates in the market, etc.

5.4 Key Industry Parameters for overall MSME loans

Collateral: As an important criterion for acquiring MSME loans, in 2010, RBI had instructed for Collateral free limit to Scheduled Commercial Banks. The loan limit was Rs 10 lakh for the same

As for the new scheme: Credit Guarantee Scheme for Micro & Small Enterprises (CGTMSE), launched in 2023, collateral free credit facility has extended the limit up to Rs 2 crore.

Additional charges: While applying for loans, a service fee or a guarantee fee is charged by credit institutions. The fee is charged on certain slab which has been renewed on or after 1 April 2023:

Slab[115]	Standard rate (% P.A)
0-10 lakh	0.37%
Above 10-50 lakh	0.55%
Above 50 lakh-1 crore	0.60%
Above 1-2 crore	1.20%
Above 2-5 crore	1.35%

Digital financing: For the overall growth of MSMEs due to its ability to enhance access to capital, reduction of costs, and promotion of financial inclusion, digital financing becomes a key industry parameter for MSME loan lending.

Moreover, fostering financial inclusion and faster disbursement serves a growing number of MSME borrowers.

In order to facilitate and enable the ease of doing business, several digital initiatives have been launched so far which include MSME SAMADHAAN for filing application in regard to delayed payments by concerned departments, E NACH, CKYC etc.

5.5 Growth drivers for MSME loans

MSME loans being a vital component of Indian economy, significantly contributes to economic development by fostering entrepreneurship, generating employment, and increasing exports. Following are the growth drivers for MSME loans:

Government initiatives: As in 2024, there are around 17 schemes initiated for the growth of MSMEs and providing easy access to credit as mentioned in Sec. 5.3. These schemes overall have aimed to provide an ecosystem for growth and innovation hub in rural areas because of which there has been an increase in the number of MSMEs to 630 lakhs.

Increase in demand for credit: As of 9 August 2023, there have been over 630 lakh MSMEs; the sector is growing at a faster pace, increasing the demand for credit to expand the business and technological innovations in existing businesses.

Exploring untapped market and emerging new business: As of 2023, 61% of geographical areas are yet to be explored by NTC lenders seeking loans between Rs 50 lakh and Rs 1 crore for different domains in MSEs including retail trade, wholesale trade, textiles etc.

Increase in NTC (New-to-credit) borrowers: In order to increase their customer share early on, NTC lenders are encouraged to expand further credit. Furthermore, the initiation of financial inclusion strategies by government of India, MSMEs in remote geographies present better opportunities for NTC growth. These geographies include states like Uttar Pradesh, Maharashtra, and Karnataka.

Furthermore, Haryana, Delhi, and Kerala showcase great growth potential considering they are highly competitive market.

6. Micro credit to entrepreneurs and small business owners

This chapter focuses on the growth and impact of micro credit for entrepreneurs and small business owners over the past five years. It examines the role of initiatives like the Mudra scheme in expanding access to credit and highlights the development of the MSME sector, particularly the micro segment. The chapter also explores the credit gap in the micro sector, various sources of credit for micro-entrepreneurs, and the significance of Self-Help Groups (SHGs) in rural India. Through these insights, the chapter aims to provide a detailed understanding of the micro credit landscape in India.

6.1 Growth of MSME sector in last five years, particularly micro sector

There is a substantial growth in MSME disbursements from FY20 to FY23, with total disbursements rising from 586 thousand crore to 983 thousand crore. Micro enterprises have shown remarkable growth, with disbursements increasing from 146 thousand crore to 240 thousand crore, reflecting a robust CAGR of 18.0%. This indicates significant improvements in financial support and credit accessibility for micro businesses. Similarly, small and medium enterprises have experienced strong growth, with disbursements rising to 399 thousand crore and 344 thousand crores respectively, both achieving a CAGR of 19.1%. These trends underscore the expanding role of MSMEs in the economy and the increased focus on their financial inclusion.

The value of loans has been growing over the last five years, with a CAGR of 14.74%. The value of loans declined in 2020-21 due to the COVID-19 pandemic but surged post-2021, indicating a pickup in credit creation and economic growth. This suggests that the pandemic's impact on the economy has been mitigated.

The volume of loans extended also shows a similar trend, with a YoY growth rate of 18% as of FY 2023-24. After contracting post-2019, the volume growth rate improved significantly from -26% in 2020-21 to -19% in 2021-22, indicating a strong recovery post-pandemic. This growth in loan volume and value highlights the importance of bank credit to MSMEs in promoting financial inclusion and supporting economic growth, particularly in the post-pandemic era.

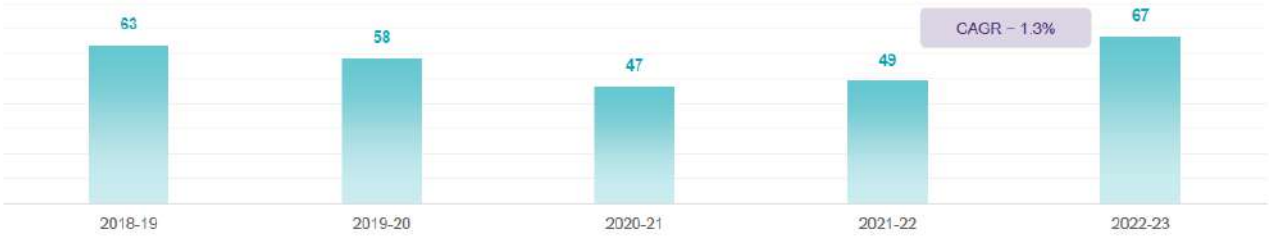
6.2 Growth of micro credit through Mudra by banks in last five years

The Pradhan Mantri Mudra Yojana (PMMY) is a flagship scheme launched by the government of India on 8 April 2015, which aims to provide loans up to INR 10 lakh to non-corporate, non-farm small/micro enterprises through various financial institutions like banks, regional rural banks (RRBs), micro finance institutions (MFIs), and NBFCs, etc.

The scheme offers three categories of loans:

- **Shishu:** Loans up to INR 50,000 for startups and early-stage businesses.
- **Kishore:** Loans ranging from INR 50,000 to INR 5 lakh for growing businesses.
- **Tarun:** Loans from INR 5 lakh to INR 10 lakh for established businesses looking to expand.
- The primary objective is to "fund the unfunded" by bringing such enterprises into the formal financial system and providing them with affordable credit.

Value and volume of loans disbursed through MFIs under PMMY:



Value of Loans

The value of loans has been growing over the last five years, with a CAGR of approximately 12%. The value of loans declined in 2020-21 due to the COVID-19 pandemic but surged post-2021, indicating a pickup in credit creation and economic growth. This suggests that the pandemic's impact on the economy has been mitigated.

The volume of loans extended also shows a similar trend, with a YoY growth rate of 12% as of FY 2022-23. After contracting post-2019, the volume growth rate improved significantly from -26% in 2020-21 to -1% in 2021-22, indicating a strong recovery post-pandemic. This growth in loan volume and value highlights the importance of MFIs in promoting financial inclusion and supporting economic growth, particularly in the post-pandemic era.

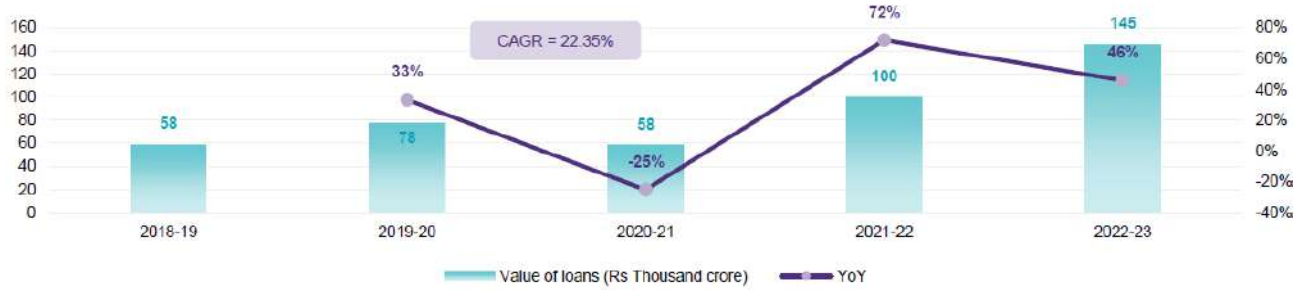
6.3 SHGs a major segment for micro credit in rural India

The number of self-help groups (SHGs) availing loans has shown a fluctuating trend over the past five years, with an overall upward trajectory. After a decline from 48 lakh in FY 2020-21 to 43 lakh in FY 2021-22, the number increased to 51 lakh in FY 2022-23 and further to 56 lakh in FY 2023-24. This growth momentum continues in FY 2024-25, with 18 lakh SHGs availing loans as of July 2024, indicating a strong demand for microfinance and a vibrant entrepreneurship ecosystem. This steady growth suggests a significant expansion of microfinance in supporting entrepreneurship and small business growth, enabling more individuals to access capital.

6.4 Loan disbursement through bank branches

The volume of micro loans disbursed through bank branches has consistently increased from INR 270 hundred crore in 2018-19 to INR 430 hundred crore 2022-23, highlighting a positive CAGR of 12.34%.

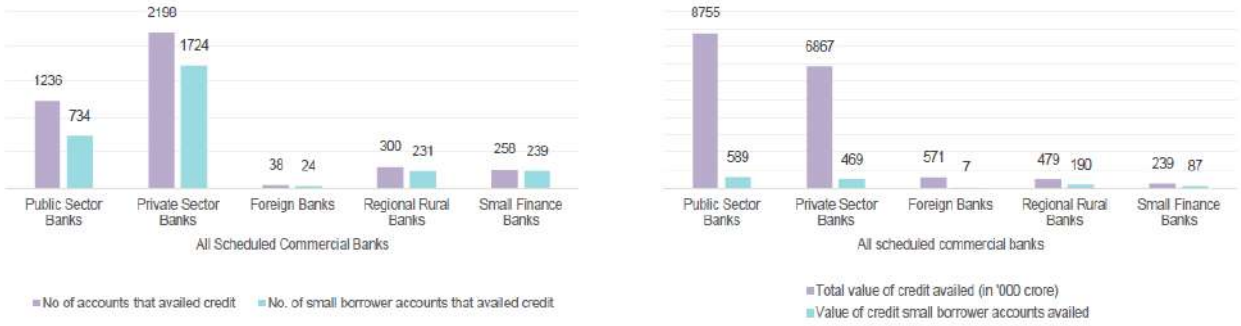
A decline of 8.3% in 2020-21 suggests a slowdown in lending, potentially due to the COVID-19 pandemic. The post-COVID-19 economy recovery efforts played a crucial role in increasing lending activities to support businesses and individuals. Additionally, increased government spending on initiatives and schemes, particularly to priority sectors such as MSMEs, agriculture and housing, contributed to the rise, leading to a growth of 26% in 2022-23.



There has been an increase in the value of loans disbursed by the bank branches, with a CAGR of 25.74%. The global pandemic led to a decrease in the value of loans disbursed by 16% from 2019-20 to 2020-21 due to a decrease in the demand, consumer spending and economic shutdown.

However, the bank branches experienced massive growth in disbursement by almost 72% from 2020-21 to 2021-22 due to economic recovery, pent up demand and easing of the process of acquiring micro credit. The value of loans disbursed reached an all-time high in 2022-23 at INR 145 thousand crore.

6.5 Credit disbursed to Small Borrowers: Number of accounts and Value of credit



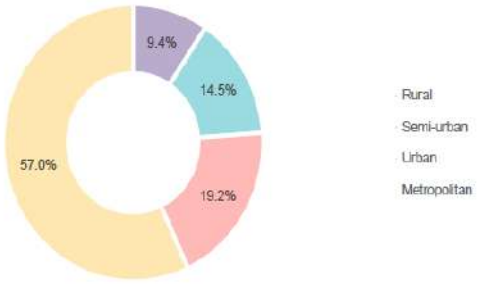
PSBs and PVBs dominate the total value of credit availed with INR 87,755 thousand crore and INR 68,670 thousand crore, respectively. However, when it comes to credit availed by small borrower accounts, their share is relatively small, at 6.7% and 6.8%, respectively. This suggests that these banks have a larger portfolio of bigger borrowers.

In contrast, regional rural banks and small finance banks have a significantly higher share of credit availed by small borrower accounts, at 39.7% and 36.4%, respectively. This indicates that these banks are more focused on serving small borrowers. Foreign banks have a negligible share of credit availed by small borrower accounts, at just 1.2%. Thus, the importance of smaller banks in serving small borrowers, while larger banks have a more diverse portfolio.

PVBs have the highest number of accounts that availed credit (2,198 lakh), followed by PSBs (1,236 lakh). However, when it comes to the number of small borrower accounts that availed credit, PVBs again lead with 1,724 lakhs accounts, followed by PSBs with 734 accounts. This suggests that PVBs are more active in serving small borrowers.

But small finance banks have the highest percentage (92.7%) of small borrower accounts that availed credit, followed closely by PVBs (78.4%) and regional rural banks (77.3%), indicating their strong focus on serving small borrowers. In contrast, PSBs have a relatively lower percentage (59.4%) despite having the largest number of accounts that availed credit. Foreign banks have a minimal presence with a moderate percentage (63.2%) of small borrower accounts, suggesting their limited involvement in small borrower lending. Overall, smaller banks are more focused on serving small borrowers, while larger banks have a more diverse portfolio.

6.6 Bank credit distribution by occupation and population type



Rural areas receive 9.4% of total bank credit, with a significant portion (53.9%) allocated to agriculture. However, personal loans also account for a substantial share (25.7%) of bank credit in rural areas. This indicates that banks are providing a notable amount of credit to rural individuals for personal purposes, such as consumption, education, or healthcare, in addition to agricultural needs.

The lending patterns vary across regions, with rural areas receiving more credit for agriculture, and semi-urban and urban areas receiving more credit for personal loans (38% and 41.1%, respectively). This suggests that banks are tailoring their lending strategies to meet the specific needs of each region. In rural areas, banks are addressing both agricultural and personal financial needs, while in semi-urban and urban areas, they are focusing more on personal lending, which may include credit for small businesses, education, or other personal expenses.

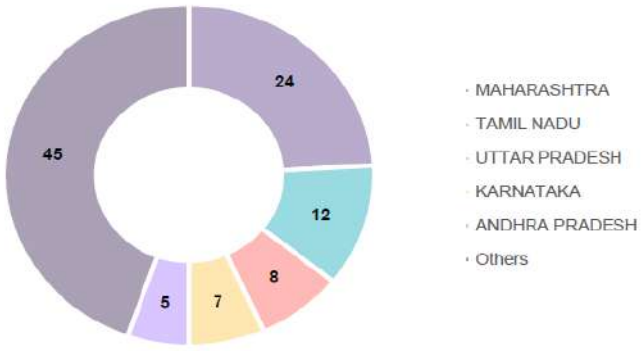
State-wise distribution of total small loan accounts opened

Small loans, often referred to as borrowable loans, provide quick access to limited funds for individuals or businesses facing temporary financial needs. Mostly unsecured, these loans are characterised by lower amounts, shorter repayment terms, and higher interest rates due to the associated risk.

They can be used for various purposes, such as covering unexpected expenses or making small payments. The application process for the same is straight-forward requiring minimal documentation.

S.no.	State	Number of accounts opened(lakh)	Percentage
1	Maharashtra	712	24%
2	Tamil Nadu	342	12%
3	Uttar Pradesh	226	8%
4	Karnataka	197	7%

5	Andhra Pradesh	160	5%
6	West Bengal	157	5%
7	Bihar	156	5%
8	Telangana	128	4%
9	Kerala	112	4%
10	Gujarat	110	4%
11	Madhya Pradesh	106	4%
12	Rajasthan	100	3%
13	Odisha	94	3%
14	Haryana	61	2%
15	NCT of Delhi	54	2%
16	Punjab	52	2%
17	Jharkhand	50	2%
18	Assam	38	1%
19	Chhattisgarh	26	1%
20	Jammu & Kashmir	20	1%
21	Uttarakhand	14	0.46%
22	Tripura	8	0.28%
23	Himachal Pradesh	8	0.26%
24	Puducherry	6	0.21%
25	Chandigarh	4	0.15%
26	Goa	4	0.12%
27	Meghalaya	2	0.07%
28	Manipur	2	0.07%
29	Dadra and Nagar haveli and Daman and Diu	1	0.04%
30	Mizoram	1	0.04%
31	Nagaland	1	0.04%
32	Sikkim	1	0.03%
33	Arunachal Pradesh	1	0.02%
34	Ladakh	0.38	0.01%
35	Andaman & Nicobar Islands	0.34	0.01%
36	Lakshadweep	0.05	0.00%
	Total	**2954**	**100%**



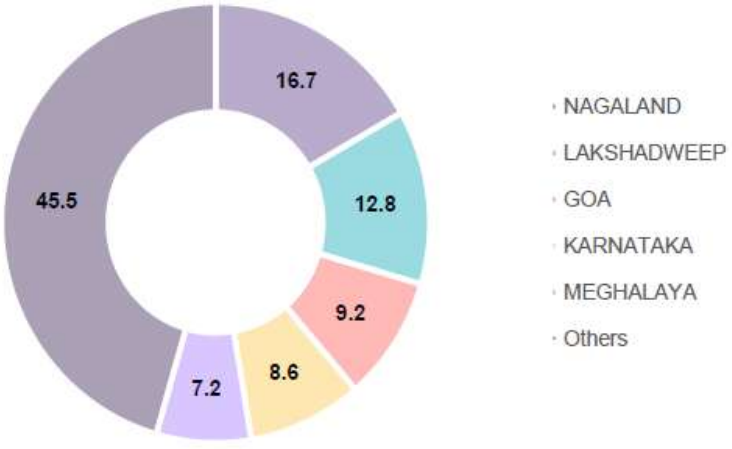
The most number of accounts were reached out in Maharashtra, which account to 24% of the total accounts reached all over the nation. This indicates that more people engaged in agriculture in the states of Maharashtra and Uttar Pradesh receive the most amount of personal loans basis agriculture.

This is because all of these states are agriculturally very active, accounting for a share of approximately 12% and 11%, respectively, of the total agricultural produce that is produced every year. The other states account for a total of 45% of the total agricultural produce.

State-wise distribution of small loans (Value-terms)

S.no.	State	Value of small loans disbursed (thousand crore)	Percentage
1	Nagaland	225	17%
2	Lakshadweep	172	13%
3	Goa	123	9%
4	Karnataka	116	9%
5	Meghalaya	96	7%
6	Sikkim	80	6%
7	West Bengal	69	5%
8	Gujarat	67	5%
9	Manipur	66	5%
10	Assam	52	4%
11	Tamil Nadu	49	4%
12	Andaman & Nicobar Islands	45	3%
13	Telangana	39	3%
14	Rajasthan	23	2%
15	Jharkhand	23	2%
16	Bihar	20	1%
17	Jammu & Kashmir	18	1%
18	Maharashtra	12	1%
19	Punjab	12	1%

20	Haryana	10	1%
21	Uttar Pradesh	6	0.50%
22	Odisha	4	0.30%
23	Mizoram	4	0.30%
24	Chandigarh	4	0.30%
25	Ladakh	2	0.10%
26	Madhya Pradesh	1	0.10%
27	Tripura	1	0.10%
28	Uttarakhand	1	0.10%
29	Himachal Pradesh	1	0.10%
30	Puducherry	1	0.05%
31	Chhattisgarh	0.4	0.03%
32	Kerala	0.4	0.03%
33	Arunachal Pradesh	0.36	0.03%
34	NCT of Delhi	0.28	0.02%
35	Andhra Pradesh	0.27	0.02%
36	Dadra and Nagar haveli and Daman and Diu	0.04	0.00%
	Total	**1344**	**100%**



The total amount outstanding is the most in the case of Nagaland, standing at a rate of 16.7%. This highlights that the most amount of loans were disbursed to the people living in the state of Nagaland, followed by Lakshadweep, etc.

This is because the government is trying to promote agriculture and regional specialty crops, especially from the north-eastern states, in order to boost the income of the people living in the areas.

BUSINESS

Some of the information in the following discussion, including information with respect to our plans and strategies, contains forward-looking statements that involve risks and uncertainties. You should read "Forward-Looking Statements" for a discussion of the risks and uncertainties related to those statements. Our actual results may differ materially from those expressed in or implied by these forward-looking statements. Also read "Risk Factors" for a discussion of certain factors that may affect our business, financial condition or results of operations.

Overview

Our Company is urban, semi-urban and rural focused Non-Deposit taking Systemically Important – Non-Banking *Finance* Company ("**NBFC- NDSI**") and a Non- Banking Financial Company-Middle Layer ("**NBFC-ML**"), registered with the Reserve Bank of India ("**RBI**") with a geographically diversified presence in India and over three decades of domain expertise in providing financial services predominantly to women customers and small and medium sized businesses. As on 30 Sep 2024 16.45% of our portfolio pertains to loans provided under the Co-Lending Business Model ("**Co-Lending**"). Outside AUM is Rs. 3789.19 Crore on 30.09.2024, belongs to Business Loan, Corporate Loan, MSME Loans, Source of Funds is Cash Credit/Term Loan from banks, Non-Convertible Debentures, Commercial Papers, Inter Corporate Loans and Revenue of Rs. 373.58 Crore for the six months ended 30 September 2024.

Our Company started its operations in 1992 as a Non-Banking Financial Company ("**NBFC**"). We received a provisional certificate of registration from the RBI in 1995, and in 1998, we were registered by the RBI to carry on the business of an NBFC without accepting public deposits. Thereafter, in 2004, we received a fresh certificate of registration from the RBI as a deposit-taking company. Subsequently, in 2014, our Company surrendered its registration as a deposit-taking company and obtained a fresh certificate of registration from the RBI to carry on the business of an NBFC without accepting public deposits. Subsequently, in 2018, our Company was granted a new certificate of registration by the RBI pursuant to our Company's name being changed from S. E. Investments Limited to Paisalo Digital Limited.

Since our incorporation in 1992 and as on 30 September 2024, we have grown to become a lender with a diversified presence in 22 states and union territories and offering services to approximately 6.51 million customers through our network of 3275 touchpoints, comprising of 336 branches, 1653 distribution points, and 1286 customer service points.

- A full branch involves significant operational (Opex) and capital expenditures (Capex). This includes costs for infrastructure, staffing, technology, and other operational needs. Such branches are fully equipped to handle all lending activities, from lead generation to customer servicing, ensuring a comprehensive customer experience.

- A distribution point is focused solely on lead generation. It incurs minimal operational expenses with no capital expenditure. These points do not require physical infrastructure beyond the basics and are designed to funnel potential customers to full branches for processing, thus reducing overhead costs while expanding market reach.

- CSPs for SBI and Bank of India operate with no operational or capital expenditures. These points provide banking correspondent services such as account opening, deposits, withdrawals, and other basic financial services. They are typically set up in collaboration with the banks, leveraging CSPs existing infrastructure, and personnel, thus minimizing costs while extending banking services to underserved areas, and only generating non-interest income for the company.

Such a geographical spread allows us to help our customers to seamlessly access our services across a wide range of locations.

We provide three key financial services: (i) small income generation loans such as Umeed and Pragati loans ("**Small Income Generation Loans**"); (ii) entrepreneurial loans to micro, small and medium

enterprises and business loans such as Udaan loans ("**MSME/Business Loans***"),* and (iii) financial services provided under Business Correspondent Agreements entered into by the Company with the State Bank of India, and Bank of India, which include account opening, savings bank deposits, term deposits, remittances, cash deposit and withdrawal, pension products, micro insurance, enrollment in government sponsored social security schemes, small value credit, and recovery etc.

We have entered into co-lending arrangements with the State Bank of India, Bank of Baroda, UCO Bank, Punjab National Bank, and Karnataka Bank. Partnership-Based Lending (PBL) or Co-Lending Model (CLM) is a collaborative arrangement where one party originates a loan, and another party takes on a larger proportion (typically 80-100%) of the loan on their books. The originator retains a smaller share (usually 20%) and handles collections and loan activities. This model enables smaller NBFCs and fintechs to leverage larger partners' balance sheets, expanding their customer base with less capital. By collaborating with NBFCs, banks can increase credit flow to under-served areas, share risks, and improve recovery rates. NBFCs tend to be the single point of interface for the customer and enter into a loan agreement with the borrowers. Our share in the co-lending arrangements we have entered into is 20% of the value of the loan and the partner bank's share is 80% of the value of the loan. The ticket size in the co-lending arrangement ranges between ₹10,000 and ₹5,00,000. Further, under co-lending arrangement, we are allowed service charge ranging from 5.4% to 7% of the loan amount, which allows us to offset our operating expenditure and gives us ability to generate upfront fee income from borrower.

As of 30 September 2024, our total AUM stood at ₹ 4535.24 Crore of which Small Income Generation Loans comprised ₹ 746.05 Crore aggregating to 16.45% of our total AUM and MSME/Business Loans comprised ₹ 3789.19 Crore aggregating to 83.55% of our total AUM. For further details on the product-wise AUM, see "*Selected Statistical Information*".

Our Company has operations in 22 states and union territories as of 30 September 2024, including Delhi, Uttar Pradesh, Haryana, Maharashtra, Bihar, Punjab, Rajasthan, Madhya Pradesh, West Bengal, Gujarat, Chandigarh, Jharkhand, Telangana. Further, in terms of overall AUM concentration as well: our top four states being Delhi, Uttar Pradesh, Maharashtra and Bihar contribute to 91.25% of our AUM; the next six states contribute to 7.22% of our AUM; and the remaining states and union territories contribute to 1.03% of our AUM as of 30 September 2024. As of Fiscal 2022, Fiscal 2023, Fiscal 2024, and six months ended 30 September 2024, the percentage of our customers located in rural areas was 99.29 %, 98.63 %, 96.63 % and 99.23% respectively.

Over the years, we have scaled our operations while maintaining our asset quality. As of 30 September 2024, our AUM was Rs. 4535.24 Crore and our AUM increased over Fiscal 2022 to Fiscal 2024 at a compound annual growth rate ("**CAGR**") of 29.94% to ₹4,586.03 Crore as of 31 March 2024 from ₹2716.20 Crore as of 31 March 2022. Our disbursements grew to ₹2,912.30 Crore in Fiscal 2023 from ₹1,873.57 Crore in Fiscal 2022, a CAGR of 55.44% over Fiscal 2022 to 2023. Additionally, for the year ended 31 March 2024, we recorded a disbursement of ₹3,669.07 Crore, as compared to ₹2,912.30 Crore recorded for the year ended 31 March 2023, a CAGR of 25.99% over Fiscal 2023 to 2024.

Despite the cyclical changes in the economy as well as the industry in which we operate, we have been able to grow our business and we believe that we have gained a comprehensive understanding of the markets and the industry. We implemented strategic changes such as using geospatial mapping for expansion, employing artificial intelligence ("**AI**") tools for credit underwriting, collections and monitoring which enabled us to optimize our operations.

Our performance benefits from continuous technological advancements in aiding our efficiency, accuracy, and results. The Company uses AI and machine learning solutions to provide easy and timely loans while appropriately managing risks with a 'High Tech: High Touch' process, thereby promoting the Government of India's twin objectives of -'Digital India' and 'Financial Inclusion'. The operation of the Company is technology driven and frequent updation requiring continuous capital expenditure on specific technologies is required to keep pace with the market's evolving requirements. Accordingly, the Company makes investment in technologies, for instance in Fiscal 2022, Fiscal 2023, Fiscal 2024 and up to September 30, 2024, we have invested ₹7.57 Crore, ₹9.16 Crore ₹11.35 Crore and ₹12.67 Crore respectively on IT Infrastructure modernization. Adoption of digital platforms not only brings in increased efficiencies of operations but also ensures substantially reduced consumption of paper. Our Company has

developed AI-based OCR (Optical Character Recognition), Chatbot, UPI-based QR code, and HRMS (Human Resource Management System) Proprietary application to offer multiple repayment methods such as QR codes and voice-based payments enhances convenience for customers. These solutions have significantly enhanced our operational efficiency and digital infrastructure streamlining workflows, reducing operational costs, and enhancing customer and employee experiences, thereby boosting productivity and competitiveness.

Our financial management is reflected in our strong credit ratings, with M/s Infomerics Valuation and Rating Pvt. Ltd. assigning the following rating to the Company's instruments:

Sr. No.	Instrument/Facility	Amount (₹in Lakhs)	Rating Assigned
1	Fund Based Facilities from Banks-Long Term	2,70,000.00	IVR AA./Stable Outlook
2	Non-Convertible Debentures	54000.00-	IVR AA/Stable Outlook
3	Commercial Paper	54000.00	IVR A1+

Our credit quality is a product of our risk management policies and practices. Risk management at our Company includes risk identification, risk assessment, risk measurement and risk mitigation with its main object to minimize negative impact on profitability and capital, which are subject to review and management of our Risk Management Committee and our Board. Our gross non-performing assets ("**Gross NPAs**") were 1.52%, 0.25%, 0.21% and 0.86%, as of Fiscal 2022, Fiscal 2023, Fiscal 2024 and six months ended 30 September 2024, respectively, while our net non-performing assets ("**Net NPAs**") were 1.26%, 0.02%, 0.02% and 0.61%, as on such dates, respectively.

Additionally, our success is encouraged by a committed and balanced board of directors and management team, comprising experienced key management personnel ("**KMPs**"), which is led by our founder, Promoter, CEO and Managing Director, Sunil Agarwal, who has more than three decades of experience in the finance sector.

The following table sets out key financial and operational parameters for Fiscal 2022, Fiscal 2023, and Fiscal 2024:

(₹ in Crore)

Particulars	For the Year ended March 31			For the six months period ended 30 September	
	2022	2023	2024	2023	2024
Revenue from Operation	392.22	473.19	658.75	280.87	373.58
Profit before Tax	107.12	126.24	241.18	115.58	122.94
Profit after Tax	79.25	93.62	178.97	85.90	91.40
PBIDT	294.46	338.20	514.66	237.12	285.34
PBDT	110.36	129.53	244.58	117.19	124.94
AUM	2716.20	3570.43	4586.03	3817.36	4535.24
EBITDA	294.46	338.20	514.66	237.12	285.34
Interest Income	392.22	465.07	595.36	259.93	332.63
NIM	4.37	5.48	6.33	6.07	6.58
Disbursements	1873.57	2912.30	3669.07	1537.29	1496.52
Net worth	1036.03	1174.91	1336.83	1256.06	1434.63
RoE	7.74	8.05	13.46	13.70	12.87
Gross NPA	35.69	6.96	7.65	7.37	32.84
Net NPA	29.56	0.55	0.62	0.36	23.22

Our Competitive Strengths

1. Diversified geographical presence with a strong focus on North India

We are headquartered in Uttar Pradesh, and as of 30 September 2024, we have a pan-India presence in 22 states and union territories in India and have 3275 touchpoints, comprising of 336 branches, 1653 distribution points, and 1286 customer service points customer service points serving 6.51 million customers through 2844 employees including 1967 loan officers. Our branches, where our team members serve customers, are strategically chosen considering various factors such as the specific business needs of our customers, growth prospects, and the accessibility of funds tailored for customers in these areas.

Our branches are located across the northern, southern, eastern and western zones in India, with Delhi, Uttar Pradesh, Maharashtra and Bihar being our key states. Such key states collectively account for approximately 76.79% of our branch network and contribute to 91.25 % of AUM as of 30 September 2024. As of 30 September 2024, approximately 96% of our branches are located in non-metropolitan cities.

The following table sets forth certain details of our branch network in the top 5 state/territory in terms of AUM, as of 30 September 2024:

State/Territory	Branches	Percentage of total branches	AUM (₹lakh)	Percentage of total AUM
Delhi	2	0.60	306584.34	67.60
Uttar Pradesh	146	43.45	76705.17	16.91
Maharashtra	46	13.69	17421.53	3.84
Bihar	64	19.05	13146.60	2.90
Punjab	3	0.86	9582.01	2.11
Total	261	77.68	423439.64	93.37

The following table sets forth certain details of our branch network in the top 5 state/territory in terms of AUM, as of 31 March 2022, 2023, 2024 and 30 September 2024:

As on	Branches	Percentage of total branches	AUM (₹ lakh)	Percentage of total AUM
30 September 2024	261	77.68	423439.64	93.37
31 March 2024	229	83.57	421411	91.89
31 March 2023	172	78.18	342952	96.05
31 March 2022	102	76.69	259672	95.60

In addition, to mitigate concentration risk in Delhi, Uttar Pradesh and Haryana, we have expanded our footprint by establishing branches across 22 states and union territories in India, including Jharkhand, and Chandigarh. This allows us to diversify our operations geographically, reducing our dependence on any single region and enhancing our ability to manage risk more effectively.

Starting in Uttar Pradesh, our strategic expansion across geographies primarily employs a calibrated approach, gauging demand and aligning with our service offerings. Branch expansion involves analysis, leveraging credit bureau reports, pin-code assessments, and competitive density evaluations. These inform critical decisions on branch placement and assess market potential. Our Gross AUM for Fiscal 2022, Fiscal 2023 and Fiscal 2024, from our branches in the northern zone, southern zone, eastern zone and western zone, as a percentage of our total AUM for the respective periods was as follows:

Particulars	For the Year ended March 31						For the six month period ended September 30	
	2022		2023		2024		2023	2024
	Gross AUM (₹ lakh)	% of total AUM	Gross AUM (₹ lakh)	% of total AUM	Gross AUM (₹ lakh)	% of total AUM	Gross AUM (₹ lakh)	% of total AUM
Northern zone	255234	93.97	335202	93.88	391595	85.39	401424	88.51
Western zone	10764	3.96	14377	4.03	44244	9.65	33037	7.28
Southern zone	2098	0.77	3730	1.04	3454	0.75	751	0.17

Eastern zone	3523	1.30	3734	1.05	19310	4.21	18312	4.04
Total	**271620**	**100**	**357043**	**100**	**458603**	**100**	**453524**	**100.00**

Our expansion approach combines data-driven decisions with qualitative on-site observations, ensuring strategic branch placement. Each new branch signifies our commitment to effective customer service within competitive markets. By amalgamating data insights and local knowledge, our expansion strategy guarantees a robust foundation for successful operations, fostering our dedication to comprehensive financial inclusion and customer-centric service delivery.

Further, the Business Correspondent Agreements which the Company holds with State Bank of India dated September 27, 2021 and renewed on September 20, 2023 and Bank of India dated February 6, 2024 are strategic alliances allowing the Company to facilitate financial inclusion and empower underserved segments. By facilitating banking transactions and providing services on behalf of partner institutions, the Company earned commissions and fees, contributing to its non-interest income. The agreements enable the Company to expand outreach and offer a range of banking services at a low cost. Under the agreements, the Company is permitted to perform a variety of banking activities via its Customer Service Points outlets. The financial services offered by the Company as a Business Correspondent Partner under the agreements range from account opening, savings bank deposits, term deposits, recurring deposits, remittances, pension products, micro insurance, small value credit, and recovery, etc.; or any other product as approved by RBI/ DFS/ partner banks. The Company currently operates at 1286 Business Correspondent Customer Service Points across 22 states and union territories.

We consider our customers to be the most significant stakeholders at the core of our operations. We have a customer centric model and accordingly, our customized range of products address a variety of financing requirements. These include specialized products such as doorstep loans as well as reduction of turn-around time for disbursals of loans.

The Company offers a host of financial solutions based on the market research and the need of the target segment. Paisalo caters to a wide spectrum of people ranging from those looking to start their business to those who want to expand their business. The Company has acted as incubators for a host of entrepreneurs through its tailored, transparent and customer centric product offerings of Small Income Generation Loans and MSME/Business Loans. These products and services are designed and customized to meet the requirements of our customers and our target markets, which allows us to retain a high proportion of our existing customers and to attract new customers. As of 30 September 2024, we have served over 6.51 million customers.

This demonstrates the fact that we have expanded our operations to establish a national presence. We believe our extensive geographic presence puts us in a vantage position to lend across the country while insulating us against risks arising from regional, economic, political, cultural or environmental adversities.

2. Advanced and scalable tech enabled infrastructure

While our operations spread across the country, we have deployed technological solutions gradually to increase efficiency and infuse agility. Our commitment to innovation has been evident through transformative steps taken in recent years. Over the years, we have launched a number of advanced and scalable tech enabled solutions to improve our efficiency. For instance:

- AI-based OCR (Optical Character Recognition) - automates data extraction from documents (KYC and Agreements), streamlining data entry and reducing errors
- Chatbot - provides real-time support - Help Guide, improving engagement and satisfaction
- UPI-based QR code - simplifies payment processing, offering secure, quick transactions
- HRMS (Human Resource Management System) - management of employee records, payroll, and recruitment processes, optimizing operations

The Company uses AI and machine learning solutions to provide easy and timely loans while appropriately managing risks with a 'High Tech: High Touch' process, thereby promoting the Government of India's twin objectives of -'Digital India' and 'Financial Inclusion'. The operation of the Company is technology driven and frequent updation requiring continuous capital expenditure on specific technologies is required to keep pace with the market's evolving requirements. Accordingly, the Company makes investment in technologies, for instance in Fiscal 2022, Fiscal 2023, Fiscal 2024 and ended 30 September 2024, Paisalo has invested 7.57 Crore, ₹9.16 Crore ₹11.35 Crore and ₹12.67 Crore respectively on IT Infrastructure modernization. Adoption of digital platforms not only brings in increased efficiencies of operations but also ensures substantially reduced consumption of paper. Our Company has developed AI-based OCR (Optical Character Recognition), Chatbot, UPI-based QR code, and HRMS (Human Resource Management System) Proprietary application to offer multiple repayment methods such as QR codes and voice-based payments enhances convenience for customers.

Our continuing investment in technology systems enables us to improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time. It also enables us to expand our efficiency through automation and further deepen customer engagement with digital touchpoints and maximize digital delivery. We leverage our information technology platforms to drive economies of scale through increase in productivity, reduce turnaround time in processing and reduce transaction costs.

3. Sound operational efficiency, financial performance and liquidity

By leveraging our understanding of markets over decades, domain expertise, well established risk management framework, well developed approval and disbursement processes and controls, and the expertise of our core management team, we have been able to maintain growth in scale, reach and offerings. We believe we have demonstrated sound operational performance over the past three fiscals. In Fiscal 2024, our Company posted a disbursement growth of 25.99%, on a consolidated basis with a disbursement of ₹2912.30 Crore and ₹3669.07 Crore in Fiscal 2023 and Fiscal 2024, respectively. Additionally, it had return on assets at 4.53%.

Further, on a consolidated basis, we had an AUM of ₹4,586.03 Crore, as of 31 March 2024, which was a year-on-year growth of 28.44% as compared to our AUM of ₹3,570.43 as of 31 March 2023. This increase in AUM was driven by new customers and transition from corporate and business loan offerings to small finance loans and co-lending loans. The reasons for such a transition are due to some factors which support the co-lending sector, and include:

- **Regulatory support:** The RBI has been a major proponent of the co-lending model. The RBI's notifications and circulars have facilitated the collaboration between banks and NBFCs to extend loans to priority sector borrowers. This regulatory backing aims to harmonise lending efforts across various sectors and improve financial inclusivity.

- **Cost efficiency:** The co-lending model combines the low cost of funds from banks with the operational efficiency and agility of NBFCs. This synergy reduces the overall cost of lending, making loans more affordable and accessible to end-users, particularly in the priority sector.

- **Market potential:** India has significant potential for expansion as a retail credit market. The co-lending model enables banks to create priority sector assets without committing extra resources, while NBFCs benefit from building a high-quality loan book and maintaining profitability.

- **Inclusive growth**: The co-lending model supports inclusive growth by targeting sectors that are often underserved by traditional financial institutions. This includes small and medium enterprises, agriculture, and housing. By leveraging the strengths of both banks and NBFCs, the model aims to uplift these sectors from economic hardships.

- **Technological integration:** The integration of technology by NBFCs allows for better reach and service delivery to remote areas. This technological advancement, combined with the robust financial backing of banks, enhances the efficiency and effectiveness of lending and borrowing in the priority sector.

- **Enhanced credit access:** The co-lending model addresses the credit access crisis for SMEs and retail customers. By pooling resources and expertise, banks and NBFCs can extend credit to segments that traditionally face challenges in securing loans due to stringent compliance and collateral requirements.

Further, in terms of disbursements, we experienced a year-on-year growth of 25.98%, for the year ended 31 March 2023, and recorded a disbursement of ₹2912.30 Crore. Additionally, we registered further growth in our disbursement for the year ended 31 March 2024, when we recorded a disbursement of ₹3669.07 Crore, which was a year-on-year growth of 25.98%. The average monthly disbursement run rate, during the year ended 30 September 2024, was ₹249.42 Crore.

Certain details regarding our year-on-year trends in AUM and disbursement are set forth below:

(in ₹crores)

Particulars	**Fiscal 2022**		**Fiscal 2023**		**Fiscal 2024**		**Six Month Period Ended 30 September 2024**	
	No.	**Amount**	**No.**	**Amount**	**No.**	**Amount**	**No.**	**Amount**
Disbursement	37,624	1,873.57	1,13,391	2,912.30	2,05,108	3,669.07	37112	1496.52
AUM	65,602	2,716.20	1,43,153	3,570.43	2,88,090	4,586.03	256711	4535.24

Particulars	**2022**	**2023**	**2024**
Liquidity Coverage Ratio	3.24	2.45	2.78
CRAR	42.92	40.34	35.92
Book value per share (in ₹)	22.96	25.54	14.60
Interest Income (in ₹crores)	392.22	465.07	595.36
PAT (in ₹crores)	79.25	93.62	178.97
NIM (%)	4.37	5.48	6.33
Net Worth (in ₹crores)	1036.03	1174.91	1336.83
Gross Loan Portfolio (in ₹crores)	2,591.49	3,150.18	3,939.26

Further, our Company has obtained a credit rating of 'IVR AA/Stable Outlook' for our long-term fund-based facilities from banks, a rating of 'IVR AA/Stable Outlook' for its non-convertible debentures and a rating of 'IVR A1+' for its commercial paper which emphasizes our Company's financial resilience and enables it to borrow at competitive costs.

4. Stringent customer selection and risk management framework leading to healthy asset quality

We follow stringent customer selection and risk management policies, which have resulted in healthy asset quality and lower credit costs. Risk is an integral part of our business, and sound risk management is critical to the success of our organization. As a financial intermediary, we are exposed to risks that are particular to our lending and the environment within which we operate. We have identified and implemented comprehensive policies and procedures to assess, monitor and manage risk such as our Asset-Liability Management Policy, which involves assessment of various types of risks and dynamically altering our asset-liability portfolio in order to manage risks including liquidity, interest rate, equity and commodity price risks, and the implementation of which is overseen by our Asset Liability Management Committee. We further endeavour to evaluate the geographies where we intend conduct branch expansion to identify optimal areas of operation, and have a dedicated standard operating procedure for opening branches which provides for guidelines as to location identification, site selection, and infrastructure setup .The risk management process is continuously improved and adapted to the changing risk scenario and the agility of the risk management process is monitored and reviewed for its appropriateness in the changing risk landscape. The process of continuous evaluation of risks includes taking stock of the risk landscape on an event-driven basis. To manage and mitigate credit, liquidity, technology, and operational risks effectively, we employ several strategies.

Risk management forms an integral part of the Company's business operations and monitoring activities. The Company and its Subsidiary are exposed to a variety of risks, including liquidity risk, interest rate

risk, market risk, credit risk, technology risk, operational risk, regulatory and compliance risk, reputational risk, business continuity risk, legal risk, competition risk, risks pertaining to pandemic, among others. NBFCs are required to ensure that a proper framework on Risk Management System is formulated and put in place. For this purpose, the Company, in addition to Audit Committee, has also constituted Assets Liability Management Committee and Risk Management Committee. These Committees are constituted to facilitate the Board to address the risk associated with the business of the Company and developed and implemented a Risk Management Policy to ensure sustainable business growth with stability and promote a proactive approach in reporting, evaluating and resolving risks associated with the Company's business. The Risk Management Policy also highlights the functions, responsibilities and role of the Committees and Board to address the risks associated with the Company and to mitigate/reduce the impact of the risk on the Company. The Company follows a disciplined risk management process and takes business decisions with balanced risk-reward paradigm.

For credit risk, we use a robust control framework. This framework considers various factors such as aligning credit and debt management policies, leveraging external data from credit bureaus, and conducting regular reviews of portfolios and delinquencies by senior and middle management teams, among others. Additionally, we maintain a diversified loan portfolio to minimize the impact of defaults.

To manage liquidity risk, our treasury team undertakes various measures such as gap analysis and scenario testing, adaptive funding strategies, maintaining liquidity buffers, strategic asset-liability management, and diversification and relationship management. We currently operate on a healthy CAR of 35.92% against the stipulated 15% vide RBI notification no. DNBS.224/CGM (US) – 2011 dated February 17, 2011. We also closely monitor the cash flow projections to ensure that we can meet the short-term obligations.

In terms of technology risk, we have implemented robust IT systems and security measures to protect against cyber threats and data breaches. We also conduct regular audits and vulnerability assessments to identify and mitigate potential risks.

Operational risk is managed through strict internal controls and procedures. We have implemented a robust and comprehensive framework of internal controls and procedures that include regular staff training, internal audits, and disaster recovery and business continuity plans.

The risk management strategies are designed to ensure the stability and sustainability of the operations in the face of various risks.

We believe that our customer selection methodologies have resulted in healthy asset quality and led to low GNPA and NNPA ratios and high collection efficiencies. As of Fiscal 2022, Fiscal 2023 and Fiscal 2024 and 30 September 2024, our GNPA ratio was 1.52%, 0.25%, 0.21% and 0.86%, respectively and our NNPA ratio as of and for Fiscal 2022, Fiscal 2023 and Fiscal 2024 and 30 September 2024 was 1.26%, 0.02%, 0.02% and 0.61% respectively.

Set forth below are certain additional details regarding our Company's asset quality in the corresponding periods on a consolidated basis:

(₹in lakhs except %)

Particulars	**As at 31 March**			
	2022	**2023**	**2024**	**30 Sep 2024**
Revenue from Operation	39,222.33	47318.99	65874.61	37358.10
Profit after Tax	7925.07	9361.86	17897.30	9140.46
Debt Equity Ratio	1.64	1.82	2.00	1.99
AUM	271619.61	357043.22	458602.95	453523.76
EBITDA	29446.20	33819.80	51465.72	28534.52
CRAR Tier I	37.73	36.49	32.77	34.58
CRAR Tier II	5.19	3.85	3.15	1.18
CRAR	42.92	40.34	35.92	35.76

ROE	7.74	8.05	13.46	12.87
ROA	2.87	2.79	4.34	4.17
Net Worth	103603.16	117490.73	133682.71	143462.82

Through the persistent effort of our employees and our dedicated collections team, our Company was able to collect ₹12.60 Crore against write-offs as of 30 September 2024. Our Company's gross cumulative collection efficiency stood at 98.87 % for the period ended 30 September 2024, on a consolidated basis. The Company writes off sub-standard assets which become overdue for more than 90 days. Also, these accounts are shown as 'bad debts' or NPAs where efforts towards recovery are made. NBFCs may claim provisions made against such NPAs as an allowable expenditure up to the extent of 5% of Net Profits for the relevant assessment year. Thus, our Company is able to avail a lowered incidence of income tax on provisions made against written-off sub-standard assets and also on the income accrued on such sub-standard assets.

5. Stable management team with extensive domain experience

We have an experienced and dedicated management team, including KMPs with significant industry experience and who have demonstrated their ability to deliver growth and profitability, across business cycles. Our Key Managerial Personnel includes a combination of management executives and independent members who bring in significant business experience, which positions us well to capitalize on future growth opportunities. Each of them has extensive experience in the banking or related industry such as finance, commercial operations, strategy, audit, business development, human resources, compliance and public relations.

The industry experience of heads of functional groups, such as operations, risk, finance, audit and collections enhance the quality of our management. We have zonal heads for business, credit and collections, with regional experience that allows them to grow our operations in their respective areas and ensure business efficiency.

6. Co-Lending business model and market opportunity

The Co-Lending model is one wherein two lender firms, in this case a bank and an NBFC, come together to disburse loans. NBFCs facilitate the origination and collection of loans since they have a greater reach to potential customers while banks leverage their balance sheet strength to house the majority of the loan. NBFCs will be the single point of interface for the customer and enter into a loan agreement with the borrowers. As one of the market leaders in co-lending within our segment, we have established strategic partnerships with prominent institutions including State Bank of India, Bank of Baroda, Punjab National Bank, UCO Bank, and Karnataka Bank. This collaborative effort operates under two distinct Co-Lending Models which were mandated vide RBI notifications no. FIDD.CO.Plan.BC.08/04.09.01/2018-19 dated 21 September 2018 and no. FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated 5 November 2020 (commonly known as CLM 1 and CLM 2, respectively), offering loan sizes ranging from ₹ 10,000 to ₹5 Lakhs under various arrangements.

The Company signed its first Co-Lending Agreement with State Bank of India on 29 September 2021 and as modified on October 18, 2023, and the Company has seen growth in Co-lending associated AUM, growing from ₹NIL in Fiscal 2022 to ₹450.44 Crore in Fiscal 2023 by 100 %, and to ₹891.01 Crore in Fiscal 2024 by 95.64%.

The participation ratio between the partnering banks and our Company stands at 80:20 in accordance with the RBI notification no. FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated 5 November 2020, showcasing a balanced contribution model. This synergy enables us to harness the strengths of each institution in lending activities. Through these alliances, we gain access to funding without additional debt on the balance sheet, significantly enhancing our leverage and lending capacity. Simultaneously, our partner banks extend their reach to underserved market segments, diversifying their loan portfolios. The Co-lending model offers several benefits, including increased credit reach in rural areas, shared risk, and rewards between banks and NBFCs, lower operational costs, and improved recovery rates.

One of the primary benefits of this collaboration is the affordability it offers to customers. Interest rates typically range from 12% to 20%, enabling borrowers to access financing at lower costs compared to traditional lending models. This affordability not only fosters financial inclusion but also stimulates economic growth by empowering individuals and businesses with accessible credit options.

The Company's unique strengths position us for sustained growth and market dominance:

1. Co-Lending Model: Our Company has multiple co-lending arrangements with established banks, allowing us to build dependable relationships with both banks and customers and gain credibility in its operations. The Co-Lending Business Model not only strengthens our market position but also fosters inclusive growth by providing affordable financing solutions. With our unique advantages and strategic alliances, we are able to capitalize on emerging opportunities and sustain our leadership in the co-lending landscape.

2. Access to Abundant Capital: Our strategic partnerships grant us access to substantial capital resources relative to our size, facilitating scalable operations and market expansion.

3. Minimal Credit Risk: Through rigorous risk assessment and the collaborative nature of co-lending, our exposure to credit risk is minimized, ensuring a robust lending portfolio.

4. Cost-Effective Products: We offer the most straightforward and cost-effective lending products in our market segment, enhancing accessibility for borrowers while maintaining competitive service charges.

5. Negligible Liquidity Risk: By leveraging diverse funding sources and efficient capital management, we mitigate liquidity risks, ensuring smooth operational continuity.

6. ALM Risk Mitigation: Our Asset Liability Management (ALM) strategies mitigate potential risks, ensuring stability and resilience in volatile market conditions.

Business Strategies

1. Continued focus on the customers from semi-urban and rural areas by increasing our market presence in under-penetrated states for the Company

Our strategic focus on rural customers is deeply rooted in our mission to drive financial inclusion across diverse geographies. While headquartered in Delhi, our presence extends across 22 states and union territories, including Delhi, Uttar Pradesh, Haryana, Maharashtra, and Bihar. As of 30 September 2024, we efficiently served approximately 6.51 million customers through our network of 3275 touchpoints, comprising of 336 branches, 1653 distribution points, and 1286 customer service points through 2844 employees spread across 22 states and union territories in India.

As of Fiscal 2022, Fiscal 2023, Fiscal 2024 and as of three-month period ended 30 September 2024, the percentage of our customers located in rural areas was 96.63 %, 98.63 %, 99.29 % and 99.23% respectively. We believe that we will be able to strengthen our position by tapping into this underserved market and capitalize on our strategy of having a deep penetration in the Indian rural markets. We intend to continue to expand our geographical coverage into newer states and union territories as well in existing states where we see business potential, (for instance, in Jharkhand We ensure that any expansion in a new state is conducted in a phased manner by setting up a few branches. It is only after these branches are able to demonstrate full compliance with our internal processes and procedures that subsequent expansion is planned.

Our domain expertise, cultivated over years of serving diverse customers, positions us to innovate and introduce financial products that cater specifically to the varied needs of different segments. By harnessing this knowledge and understanding, we can conceptualize and introduce solutions that address the unique challenges faced by customers in different regions and economic strata.

Our touchpoint network serves as an avenue for customer engagement and education. We plan to utilize these touchpoints to not only introduce new products but also educate customers about their benefits and usage, ensuring optimal adoption and satisfaction. By combining our expansive touchpoint network's reach, we are poised to enhance our product offerings significantly. This strategic approach aligns with our commitment to customer-centricity and ensures that our evolving suite of financial solutions remains relevant, and impactful for our diverse customer base.

We are focused on maintaining a high level of asset quality. Our risk management processes, coupled with our ability to evaluate and appropriately price risk, have helped us reduce our exposure to NPAs. Our Company's Gross NPA Ratio was 1.52 %, 0.25 %, 0.21 % and 0.86% as of 31 March 2022, 31 March 2023, 31 March 2024 and six month period ended 30 September 2024, respectively, on a consolidated basis.

We intend to continue to focus on reducing our impaired assets with the objective of reducing our NPA levels, while improving the quality of our assets. We believe that effective risk management is essential to our growth, strategic planning and long-term sustainable development.

We intend to continue penetrating deeper in the states and other areas that have limited or no access to formal banking and finance channels. Furthermore, our engagement in rural landscapes extends into our financial products, designed with a keen understanding of rural livelihoods and economic structures. By crafting offerings that align with the unique income patterns and seasonal variations prevalent in rural areas, we aim to provide financial solutions that resonate with the needs of our rural customers.

Our Company, a reputable entity in the lending sector, is strategically positioned for growth, driven by a comprehensive customer expansion market plan tailored to capitalize on burgeoning opportunities. Our data-centric approach and unwavering commitment to innovation establish us as a formidable contender, primed to secure a significant market share.

Market Opportunity:

1. The share of loans in India with a ticket size of less than INR 10 lakhs have increased from 12% in FY18 to 20% in FY21, before slightly decreasing to 16% in FY22, indicating a shift towards more affordable and manageable loan amounts. Additionally, there is a growing demand for smaller ticket size loans, driven by increasing financial inclusion and accessibility. Further, the share of NBFCs has increased from 40% in March 2018 to 44% in March 2022 for small business loans, making them the dominant players in the lending market.

2. With our strategic expansion initiatives, our objective is to capture 1% of the prime customer market share, translating into substantial revenue potential.

Market Position:

1. Branch Expansion: Currently operating 336 branches, Paisalo is poised to expand its branch network to 600, thereby augmenting market penetration and customer accessibility.

2. Average Disbursement Amount: Our current average disbursed amount per borrower is ₹403245 as on 30 September 2024, indicative of our dedication to meeting diverse customer needs.

3. Operational Efficiency: Presently, our Company commands a 20% share under its co-lending tie-ups and maintains a capacity utilization rate of 70.98% as on 31 March 2024, ensuring sustainable growth and profitability. Our plan entails maintaining the 20% share while optimizing capacity utilization to 62.96% for enhanced operational efficiency.

4. Manpower Requirements: With our existing field workforce comprising 2844 personnel, Paisalo is poised to scale up to 3,510 personnel. This expansion will focus on recruiting Customer Service Officers (CSOs), back-office staff, branch managers, Relationship Managers (RMs), Zonal Managers (ZMs), and other essential personnel.

Paisalo's customer expansion market plans aim to leverage market opportunities, bolster our market position, and drive sustainable growth over the next three years. Through strategic branch expansion, optimized operational efficiency, and strategic manpower augmentation, we are poised to capitalize on the vast potential of the small-ticket lending market in India.

2. Continue to invest in technology to enhance operational efficiency and optimize costs

We have invested ₹12.67 Crore, ₹11.35 Crore, ₹9.16 Crore, and ₹7.57 Crore in our information technology and digital systems, in years ended 30 September 2024, 31 March 2024, 31 March 2023 and 31 March 2022, respectively. We have implemented automated, digitized technology enabled services to increase our customer offerings.

The Company has consistently demonstrated a commitment to technological innovation, as evidenced by our strategic initiatives over the last three fiscal years. Our in-house development of a proprietary digital platform harnessing the power of data, AI, and machine learning (ML) has been pivotal in driving operational excellence and fostering a high-tech, high-touch business model.

Technology Initiatives Implemented:

1. AI-Based OCR (Optical Character Recognition): Our AI-based OCR solution streamlines document processing by automating data extraction from documents such as KYC forms and agreements. This streamlines data entry processes, minimizes errors, and enhances operational efficiency.

2. Chatbot Integration: Leveraging AI capabilities, our chatbots offer real-time support and guidance to users, enhancing customer engagement and satisfaction. This high-tech solution, known as Help Guide, provides immediate assistance, reducing response times and improving overall user experiences.

3. UPI-Based QR Code System: Our innovative UPI-based QR code system simplifies payment processing, facilitating secure and swift transactions. This technology streamlines payment procedures for both customers and businesses, offering convenience and reliability.

4. In-House HRMS (Human Resource Management System): Our in-house HRMS solution provides comprehensive management of employee records, payroll processing, and recruitment procedures. This centralized platform optimizes HR operations, increases efficiency, and ensures regulatory compliance.

Proposed Technology Initiatives:

In the near future, we are poised to embark on further technological advancements to strengthen our digital infrastructure and maintain a competitive edge. Some of our proposed initiatives include:

1. Advanced Data Analytics: Utilizing advanced analytics tools to derive actionable insights from data, enabling informed decision-making and enhancing operational efficiency.

2. Enhanced Mobile App Features: Continuously improving our mobile application with enhanced features and functionalities to provide customers with seamless experiences and greater convenience.

3. Expansion of AI Applications: Expanding the scope of AI applications across various business functions, including customer service, marketing automation, and predictive analytics, to drive personalized experiences and optimize resource allocation.

Our technology-related initiatives underscore our commitment to innovation and operational excellence. By leveraging cutting-edge technologies such as AI, machine learning, and High Touch: High Tech, we

aim to enhance efficiency, improve customer experiences, and maintain our competitive position in the market.

We plan to continue investing in technology and digitization and to ensure our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time.

3. Diversification of borrowings and leveraging existing capabilities to enhance performance

The decision to transition to a co-lending strategy represents a strategic evolution in response to various critical imperatives shaping the financial services landscape.

Enhanced Risk Management:
One of the primary drivers behind this shift is the imperative to enhance risk management practices. By collaborating with multiple institutions, the Company can diversify its risk exposure across various partners and mitigate concentration risk. Additionally, pooling resources and expertise allows for more robust risk assessment frameworks and the ability to adapt to evolving regulatory requirements.

Capital Optimization:
Optimizing capital allocation is another key consideration. Co-lending arrangements enable the Company to access additional funding sources from partner institutions, thereby reducing reliance on internal capital reserves. This not only optimizes capital utilization but also enhances liquidity and strengthens the Company's financial position.

Competitive Advantage:
By embracing a co-lending strategy, the Company gains a competitive edge in the market. Collaborating with reputable institutions enhances credibility and instills confidence among customers. Moreover, leveraging the combined strengths and networks of multiple partners allows for broader market reach and the ability to cater to diverse customer segments more effectively.

Resource Utilization:
Efficient resource utilization is essential for driving operational efficiency and maximizing productivity. Through co-lending partnerships, the Company can leverage shared infrastructure, technology platforms, and operational resources. This results in cost efficiencies, streamlined processes, and better utilization of human capital, ultimately enhancing overall performance.

Strategic Planning and Execution:
The successful implementation of a co-lending strategy requires meticulous planning and execution. This involves identifying suitable partners, establishing clear collaboration frameworks, aligning operational processes, and leveraging technology for seamless integration. By prioritizing strategic alignment and proactive risk management, the Company can capitalize on synergies and unlock new growth opportunities.

We intend to utilise our expansive branch network spanning 336 branches, 1653 distribution points, and 1286 customer service points spread across 22 states and union territories in India, alongside our domain expertise to continue to provide well-crafted financial solutions. Leveraging these resources, our focus remains on introducing customer-centric products, informed by regional and economic nuances. We utilize branch touchpoints not only for product introductions but also for educating customers on benefits, ensuring wide acceptance.

We also plan to continue investing in technology and digitization and to ensure our information technology systems continue to help us with several functions, including loan origination, credit underwriting, risk management, collections, customer service and retention. We believe that such investments will help improve recoveries and reduce our operating expenses, our cost of customer acquisition and credit costs over time.

We remain focused on diversifying our borrowing profile by optimizing borrowing costs, and maintaining a positive asset liability management ("**ALM**") position. To this end we intend to further diversifying our borrowings by further exploring retail NCDs. By adopting risk management measures such as using credit bureau report, internal data records on customer behaviour, monitoring early stress signals by analysing daily collections, and continuing to make investments in technology, we aim to enhance our credit rating, and secure stable funding sources to support our continued growth and expansion.

4. Diversify our product offerings and leverage distribution reach to cross-sell new products

We continue to diversify our geographic concentration as well as product portfolio and introduce new products, aimed at addressing specific financial needs of our clients. We believe that our diverse product portfolio provides us with cross selling opportunities by enhancing the productivity and income generating potential of our clients, allowing us to leverage our rural outreach and capitalize on our Company's existing network and customer base and grow our business with no incremental cost of customer acquisition enabling the income to directly add up to the bottom line. Set forth are the details of our product-wise AUM for each of the corresponding periods:

(in ₹lakhs)

Particulars	**As at March 31,**			
	2022	**2023**	**2024**	**As at 30 September 2024**
Product-wise AUM				
Small Income Generation Loans	2,497	3,035	3,570	3789
MSME/Business Loans	219	535	1,016	746

Further, the Business Correspondent Agreements which the Company holds with State Bank of India dated September 27, 2021 and September 30, 2023 and Bank of India dated February 6, 2024 are strategic alliances allowing the Company to provide banking solutions to unbanked and underbanked groups at an affordable cost, promoting financial inclusion. By facilitating banking transactions and providing services on behalf of partner institutions, the Company earned commissions and fees, contributing to its non-interest income. The Agreements enable the Company to expand outreach and offer a range of banking services at a low cost. Under the Agreements, the Company is permitted to perform a variety of banking activities via its Customer Service Points outlets. The financial services offered by the Company as a Business Correspondent Partner under the Agreements range from Account Opening, Savings Bank Deposits, Fixed Deposits, Recurring Deposits, Remittances, Micro Pension, Micro Insurance, Micro Credit, and Recovery, etc.; or any other product as approved by RBI/ DFS/ Partner Banks. The Company currently operates at 1286 Business Correspondent Customer Service Points across 22 states and union territories.

5. Continue to diversify our source of funds and widen our lender base to scale our borrowing requirements while lowering costs

We have been able to access debt financing and reduce our Average Cost of Borrowings over the years due to diversification of our borrowings and enhancement of the scale of our business. Our Average Cost of Borrowings, as a percentage of our total borrowings, in Fiscal 2022, 2023 and 2024, was 12.28%, 11.00%, and 11.32% respectively, and was 11.72 % in the six month period ended 30 September 2024.

We intend to continue to diversify our funding sources, identify new sources and pools of capital with the aim of further optimizing our borrowing costs and expanding our Net Interest Margin. Further, we intend to expand and diversify our lender base. We are focused on our asset and liability management to ensure that we continue to have a positive asset-liability position. As of 31 March 2024, our mix of source of funds included 71.24% from banks, 28.76% from non-convertible debentures, inter corporate deposits & commercial papers.

While continuing to pursue borrowings from these sources, we will also explore issuance of different categories of bonds, enter into co-lending opportunities, issue commercial papers and undertake other funding opportunities in order to broaden the depth of our offerings. We also intend to leverage on our loan portfolio in order to enter into direct assignment transactions with banks.

We intend to continue to evaluate opportunities to securitize or assign loans to financial institutions, which we expect would enable us to optimize our cost of funds, liquidity requirements and capital management. We believe with increased net worth, including from internal accruals, we would be in a position to widen our borrowing mix, lender base and raise debt at increasingly competitive terms going forward.

Our Business Operations

Our Company started its operations in 1992 as a NBFC. We received a provisional certificate of registration from the RBI as an NBFC in 1995, and in 1998, we were registered by the RBI to carry on the business of an NBFC without accepting public deposits. Thereafter, in 2004, we received a fresh certificate of registration from the RBI as a deposit-taking company. Subsequently, in 2014, our Company surrendered its registration as a deposit-taking company and obtained a fresh certificate of registration from the RBI to carry on the business of an NBFC without accepting public deposits. Subsequently, in 2018, our Company was granted a new certificate of registration by the RBI pursuant to our Company's name being changed from S. E. Investments Limited to Paisalo Digital Limited.

After more than three decades of experience, we have emerged as a diversified financial services group catering to rural India primarily through Small Income Generation loans, and MSME/Business loans. We intend to be a one stop financial service provider for our customers.

We provide micro-credit facilities to economically active women in both rural and semi-urban areas, who otherwise have limited access to mainstream financial credit products. Our co-lending clientele comprises of more than 90% women. Further, we also provide affordable business loans. In addition, we act as a business correspondent for two national banks – State Bank of India and Bank of India. As a part of our business correspondent services, we are responsible for various services including account opening, savings bank deposits, fixed deposits, cash deposit and withdrawal, remittances, micro pension, micro insurance, micro credit, recovery and enrolment in Government Sponsored Social Security schemes like PMJJY etc.

Our Business Model and Target Customer Segment

We are deeply committed to delivering accessible financial solutions that empower women. Our operational framework revolves around inclusivity and strategic methodologies, emphasizing small-ticket loans, and sensitivity to the needs of our target demographic. This approach doesn't just fulfil financial needs but also fosters community and mutual support, crucial in overcoming the obstacles faced by women accessing traditional banking services.

Our Co-Lending Business Model is emblematic of our prowess as market leaders in the income generation loans segment. Through strategic partnerships with industry giants such as State Bank of India, Bank of Baroda, Punjab National Bank, UCO Bank, and Karnataka Bank under co-lending models permitted by the RBI vide notifications no. FIDD.Co.Plan.BC/08.04.09.01/2018-19 dated 21 September 2018 and FIDD.CO.Plan.BC.No.8/04.09.01/2020-21 dated 5 November 2020, we have established a robust framework for extending loans ranging from ₹10,000 to ₹5 Lakhs across various arrangements. This collaborative approach underscores our commitment to unlocking new avenues for growth and fostering sustainable financial inclusion.

At the heart of our Co-Lending Business Model lies a symbiotic relationship between Paisalo and our partner banks, characterized by an 80:20 participation ratio. This balanced contribution model ensures equitable risk-sharing and amplifies our collective lending capabilities. By leveraging the strengths of multiple institutions, we not only enhance operational efficiency but also optimize resource allocation, thus maximizing our lending capacity and market reach.

The strategic collaboration with our partner banks empowers us to access funding at lower costs, enabling us to offer competitive interest rates ranging from 12% to 20%. This affordability not only enhances customer accessibility but also fosters financial empowerment within underserved segments of the market. Furthermore, our service charges, ranging between 5.4% to 7% of the entire principal amount, reflect the

value proposition we offer in facilitating seamless lending transactions and managing operational intricacies.

Our Co-Lending Business Model is fortified by a suite of unique strengths that set us apart in the competitive landscape:

- **Diverse Funding Sources**: Collaborating with multiple banks diversifies our funding sources, mitigating dependency risks and enhancing financial stability.

- **Lower Borrowing Costs**: The cooperative nature of our arrangement translates into lower borrowing costs for customers, amplifying affordability and accessibility.

- **Risk Mitigation**: Shared risk with partner banks ensures a balanced and sustainable lending portfolio, bolstering resilience against market uncertainties.

- **Expansive Market Reach**: Leveraging the extensive networks of our partner banks allows us to penetrate deeper into the market and cater to a broader spectrum of customer needs effectively.

Paisalo Co-Lending Business Model represents a strategic convergence of expertise, resources, and vision, poised to unlock unparalleled opportunities for growth and innovation. By harnessing the collective strengths of our partnerships and maintaining a steadfast commitment to customer-centricity, we are primed to maintain our leadership position and drive meaningful impact within the dynamic landscape of income generation loans.

Our lending portfolio primarily consists of small income generation loans, group lending, and individual lending to small and micro-enterprises. Notably, a significant portion is in small income generation loans under Co-lending. Our risk assessment framework prioritizes an optimal instalment-to-income ratio, ensuring our customers' financial stability remains paramount.

A significant percentage of our portfolio comprising of ₹746.05 Crores aggregating to 16.45% of our total AUM being ₹4535.24 Crores pertains to loans provided under the Co-Lending Business Model ("**Co-Lending**"). Outside AUM is Rs.3789.19 Crore, belongs to Business Loan, Corporate Loan, MSME Loans, Source of Funds is Cash Credit/Term Loan from banks, Non-Convertible Debentures, Commercial Papers, Inter Corporate Loans and Revenue of Rs.373.58 Crore for the six months ended 30.09.2024

Employing advanced AI and machine learning solutions, we've developed a robust customer segmentation model to assess risk behaviour, striving for a balanced loan portfolio while upholding prudent lending practices. Our meticulous evaluation process, incorporating income assessment and Credit Bureau Report validation, ensures responsible lending by establishing Fixed Obligation to Income Ratios (FOIR) or Net Surplus metrics, safeguarding the financial well-being of our customers and fortifying the stability of our business operations.

Major Events and Milestones

The diagram below sets forth some of the major events in the history of our Company:

Event	**Date**
Incorporation of Company	5 March 1992
Private to Public	1 March 1995
Registered with RBI as NBFC	Provisionally registered in July 1995, registered in May 1998
Shift of Registered Office from Agra to Delhi	22 May 2003
Listing at BSE	11 October 2007
Listing at NSE	16 June 2009
RBI Certificate for Company to be an NBFC - Non Deposit Taking	8 January 2014
Name change of Company from S.E. Investments Limited to Paisalo Digital Limited	12 January 2018

RBI Certificate for Company to be an NBFC - Non Deposit Taking consequent to change in Name	8 February 2018
Co-Origination partnership with SBI	3 April 2019
Business Correspondent partnership with SBI	27 September 2021
Co-Lending partnership with SBI	29 September 2021
Co-Lending partnership with PNB	21 December 2021
Co-Lending partnership with Bank of Baroda	23 March 2022
Co-lending partnership with UCO Bank	24 May 2022
SBI Financial Inclusion Department – Local Head Office, Lucknow - Certificate of Achievement for APY Login Day	13 January 2023
SBI Financial Inclusion Department – Local Head Office, Lucknow - Certificate of Achievement for APY Login Day Super Star Campaign	January 14 & 15, 2023
Co-lending partnership with Karnataka Bank	23 February 2023
SBI Financial Inclusion Department – Local Head Office, Lucknow -Certificate of Achievement for Excellent Performance in PMJDY	February 2023
SBI Financial Inclusion Department – Local Head Office, Lucknow -Certificate of Achievement for Best Achiever in PMSBY, PMJDY, APY	March 2023
Super Achiever Award by SBI for Outstanding Performance in PMSBY and PMJDY in SSS Lakshya (period April 10, 2023 to April 30, 2023)	May 2023
SBI Financial Inclusion Department – Local Head Office, Lucknow -Certificate of Achievement for APY Special Login Day	November 2023
SBI Financial Inclusion Department – Local Head Office, Lucknow -Certificate of Achievement for APY Login Day on 13.01.2024	13 January 2024
Business Correspondent partnership with Bank of India	6 February 2024
SBI Financial Inclusion Department – Local Head Office Bhopal, Certificate of Appreciation for outstanding performance in PMJJY, PMSBY, APY, PMJY for the month of January, 2024	21 February 2024
SBI General Manager (B&O) AO Mohali, Certificate of Excellence for delivering outstanding performance in the field of PMJDY, PMSBY in FY 2023-24	23 April 2024
SBI Financial Inclusion Department – Local Head Office Kolkata, 1st Runners up in Total A/c Enrollment (%) during FY 2023-24	May 2024

Our Branch Network

As on 31 September 2024, we had presence in 22 states and union territories in India through 3275 touchpoints, comprising of 336 branches, 1653 distribution points, and 1286 customer service points with Uttar Pradesh, Maharashtra, Bihar and Haryana being our key states. Such key states collectively account for approximately 82% of our branch network as of 30 September 2024. As of 30 September 2024, approximately 98% of our branches are located in semi urban and rural areas.

The following table sets forth certain details of our branch network in each state/ union territory as of 30 September 2024:

State	Branches	Percentage Of Total Branches	AUM (₹Lakh)	Percentage Of Total AUM
Delhi	2	0.60	3,06,584.34	67.60
Uttar Pradesh	146	43.45	76,705.18	16.91
MAHARASHTRA	46	13.69	17,421.53	3.84
Bihar	64	19.05	13,146.60	2.90
Punjab	3	0.89	9,582.01	2.11
Rajasthan	18	5.36	8,955.60	1.97
Haryana	21	6.25	7,212.07	1.59
Madhya Pradesh	18	5.36	3,548.56	0.78
Gujarat	1	0.30	3,111.34	0.69
West Bengal	0	-	2,588.68	0.57
Kerala	13	3.87	1,512.04	0.33
JHARKHAND	4	1.19	1,247.02	0.27
Uttarakhand	0	-	1,065.34	0.23
ANDHRA PRADESH	0	-	732.08	0.16
Goa	0	-	93.37	0.02
Chandigarh	0	-	18.00	0.00
Total	**336.00**	**100.00**	**4,53,523.76**	**100.00**

The decision to open a branch is based on a detailed analysis of the potential catchment area, economic and business potential, competition and availability of human resource talent. When we review the potential catchment areas, we analyse retail density and diversity, overall industrial activity and financial literacy, among other factors. The prevalence of retail activity demonstrates the potential for lending to small business owners, who may need funding for their working capital requirements and hence the presence and density of retail activity is an important parameter in determining whether to set up a branch. We analyse competition within the potential catchment area as a risk mitigation measure, because where competitors are present (such as other banks and NBFCs) we are able to assess (i) general acceptance of a formal lender with EMI based loan products amongst the target customer segment, (ii) repayment behaviour, (iii) asset quality trends and (iv) availability of suitable human resources for hiring as business and collections officers. We also prefer to open new branches contiguous to our existing locations to leverage neighbouring insights and to exercise effective supervision over new branch operations.

Where we start operations in a new geography or where contiguous expansion is not feasible, we typically begin by using geospatial analysis and on ground visits/surveys by establishing pilot branches to gain a deeper understanding of the catchment area and customer characteristics including (i) sourcing opportunities, (ii) collection behaviour, (iv) understanding staff behaviours and culture, among other metrics. Our management closely supervises expansion efforts to ensure branch and staff performance meet expectations, as well as to conduct periodic review for potential deeper expansion.

The following table sets forth the AUM contribution in rural and urban areas as of 31 March 2022, 31 March 2023, 31 March 2024 and 30 September 2024:

(in ₹lakhs)

Particulars	For the period ended September 30	For the Year ended March 31		
	2024	2024	2023	2022
Urban AUM	306584	235810	203418	184175
Rural AUM	146939	222793	153626	87445
Total	453523	458603	357043	271620

Our Products

The table below provides details of our AUM for our major financial services as a percentage of our total AUM as of 31 March 2022, 31 March 2023 and 31 March 2024:

Particulars	**For the Year ended March 31**						**For the six months period ended September 30**	
	2022		**2023**		**2024**		**2024**	
	AUM (₹ lakh)	**% of total AUM**	**AUM (₹ lakh)**	**% of total AUM**	**AUM (₹ lakh)**	**% of total AUM**	**AUM (₹ lakh)**	**% of total AUM**
Small Income Generation Loans	21938	8.08	53533	14.99	101572	22.15	74605	16.45
MSME/ Business Loans	249682	91.92	303510	85.01	357031	77.85	378919	83.55
Total	271620	100.00	357043	100.00%	458603	100.00	453524	100.00

The chart below depicts the significant features of the main product portfolios of our Company:

Product features as on 30 September 2024	**Small Income Generation Loans**	**MSME/Business Loans**
Average Ticket Size for Fiscal2024	Rs.20,000-20,00,000	Rs.2,00,000-5,00,00,000
Tenure	18-60 months	24-60 months
Frequency of Collection	Monthly	Monthly/Quarterly
No. of States/UTs	11	4
No. of Branches	332	5
AUM (₹lakh)	877.18Crores	3722.96 Crores
No. of loan accounts (in lakhs)	2.76	0.02

Set forth below are certain additional details in relation to our key individual products-

Small Income Generation Loans

Catering to individuals, our Income Generation Loans span from ₹20,000 to ₹10,00,000. Utilizing a blend of High Tech and High Touch methodologies, we employ AI-driven Business Rule Engines coupled with on-ground assessments for robust underwriting. With RoI ranging from 13% to 22% and tenures from 6 to 60 months, these loans serve diverse income-generating activities, with the asset created out of the loan hypothecated to the Company.

Umeed Loan

For first-time borrowers without credit history.

Pragati Loan

Extended to borrowers with prior loans from the Company or existing credit history.

Vikas Loan

Targeting successful borrowers seeking further income augmentation.

Gati Loan

Supporting borrowers investing in small electric/ICE (three wheelers) for public transportation and loading purposes

Raftaar Loan

Supporting borrowers investing in small commercial (four wheel) electric/ICE vehicles for public transportation and loading purposes

Ready Steady Go Loan

A product for customers seeking car finance for business use.

Do Ka Dum Loan

Enabling the purchase of electric two-wheelers for delivery services and other purposes.

MSME/Business Loans

Udaan Loan

Geared towards traders/businesses helping them augment their earnings.

Business loans for entrepreneurs and business owners

Targeted towards individuals, firms, societies, trusts, and corporate borrowers, our Corporate Loans offer working capital term financing secured primarily through property mortgage. These loans, sourced from select branches of the Company, the ticket size range starts from ₹50 Lakhs with tenures spanning 6 to 60 months and RoI ranging between 14% to 18%.

Business Correspondent Agreement

Agreements with State Bank of India dated 27 September 2021 and 20 September 2023

Our Company entered into an agreement with the State Bank of India vide agreement dated September 27, 2021, and thereafter an agreement dated September 20, 2023, whereby our Company has been designated as a business correspondent of the State Bank of India until September 30, 2026. Pursuant to the said agreements, our Company offers services on behalf of the State Bank of India, including but not limited to opening of deposit accounts, receipt and payment of small value deposits and withdrawals, applying for issue of RuPay debit cards, enrolling customers under social security schemes, cross selling activities viz. micro-insurance, pension products, and other authorised products, collection of principal and interest thereon on standard accounts and recovery of NPA accounts through customer service points established by our Company. Our Company receives a commission for the rendering of these services.

Agreement with Bank of India dated 6 February 2024

Our Company entered into an agreement with the State Bank of India vide agreement dated February 6, 2024, whereby our Company has been designated as a business correspondent of the Bank of India until February 5, 2027. Pursuant to the said agreement, our Company offers services on behalf of the Bank of India including but not limited to identification of borrowers and fitment of activities, collection and preliminary processing of loan applications including verification of primary information/data, processing and submission of applications to branches, promoting and nurturing self-help groups/joint liability groups/credit groups, post-sanction monitoring and follow-up for recovery in accounts as advised by the Bank of India through customer service points established by our Company. Our Company receives a commission for the rendering of these services.

Risk Management

Risk management forms an integral part of the Company’s business operations and monitoring activities. Risk management is integral to our business and as a lending institution, we face financial and non-financial risks. As an NBFC under the RBI's scale-based regulations with an asset size of more than ₹1,000 million, our Company is governed by and closely follow RBI’s risk management framework. We have established a Risk Management Policy and an Asset-Liability Management Policy to identify, assess, monitor and manage various types of internal and external risks. The Company and its subsidiaries are

exposed to a variety of risks, including liquidity risk, interest rate risk, market risk, credit risk, operational risk, business continuity risk, legal risks pertaining to pandemic, among others. NBFCs are required to ensure that a proper framework on Risk Management System is formulated and put in place.

We have developed a comprehensive risk framework supported by well-established policies and procedures and we believe our risk architecture supports our vision and mission. The Board of Directors of our Company is primarily responsible for approving our Company's risk appetite, risk tolerance and related strategies and policies. Its key responsibilities include approving the business and risk governing policies and frameworks as required and ensuring the establishment of a robust risk management culture. For this purpose, the Company, in addition to Audit Committee, has also constituted Assets Liability Management Committee and Risk Management Committee. These Committees are constituted to facilitate the Board to address the risk associated with the business of the Company and developed and implemented a Risk Management Policy to ensure sustainable business growth with stability and promote a proactive approach in reporting, evaluating and resolving risks associated with the Company's business. The Risk Management Policy also highlights the functions, responsibilities and role of the Committees and Board to address the risks associated with the Company and to mitigate/reduce the impact of the risk on the Company. The Company follows a disciplined risk management process and takes business decisions with balanced risk reward paradigm

Human Resources

We believe that our employees are crucial in order for us to maintain our competitive advantage and continued success. As of 30 September 2024, we had 2844 employees (with year-on-year increase of 45 %). We generally use referrals from our employees, advertisement through various media platforms, hiring through recruitment agencies or direct recruitment from educational institutions to fill up our job openings. We provide training to our employees both as a commitment to their career development and to help ensure quality service to our clients. The newly joined employees undergo an induction and orientation training wherein they are briefed on the small income generation loans model and loan purpose, the relevant RBI policies and customer handling. Post this, all such employees have to undergo a training program for 2 months where trainers and branch managers track their working methods and performance. All other employees undergo compulsory and other trainings as considered necessary by our management.

We try our best to ensure that our values are genuinely and consistently promulgated in our Company. We have also provided a range of incentives and benefits such as insurance benefits, ESI etc and performance benefits and fuel allowances.

The following table sets a break-up of our Company's full-time employees by function as of the date indicated on a standalone basis.

Particulars	**As of 30 September 2024**
Loan officers	1,251
Credit	19
Branch Manager	311
Area Head	128
Regional Manager	90
State Head	6
Vice President	15
Back Office Executive	360
Field Officer	356
Finance	4
Information Technology	32
Human resources	7
Internal audit	31
Others: administrative staff, peons, front office staff in various departments	234
Total	**2,844**

Customer Grievance Redressal Mechanism

The Company has laid down the appropriate grievance redressal mechanism within the organization to resolve disputes arising in this regard. Such a mechanism ensures that all disputes arising out of the decisions of the functionaries are heard and disposed of at least at the next higher level. The Board shall periodically review the compliance of the Fair Practices Code and the functioning of the grievances Redressal mechanism at various levels of management Response to a complaint is given within a maximum period of one month from the date of complaint, unless the nature of complaint requires verification of voluminous facts and figures.

Interest Rates, Fees and Collateral

All our loan portfolio is at fixed rates of interest, and the pricing of such fixed interest rate loan is generally determined on the basis of market conditions and the regulatory framework. We determine our reference rate based on market conditions and price our loans at either a discount or a premium to our reference rate. Each of our business loan segments have minimum and maximum rates. These are regularly reviewed and revised as per the situation (none of our loans provided with variable interest rates to the borrowers).

In addition to the normal rate of interest, we may also levy certain charges such as processing fees, cheque bouncing charges and pre-payment charges. The details of all charges are mentioned in the loan agreement or other documents executed between us and the customer. These fees are subject to change from time to time based on market conditions and regulatory requirements. These loans are a mix of secured and unsecured and the nature of security varies from cases to cases basis on an risk assessment basis

Capital Adequacy Ratios

The RBI currently requires us to comply with a capital to risk (weighted) assets ratio, or CRAR, consisting of Tier I and Tier II capital.

Capital Adequacy

Our Company is subject to the capital adequacy requirements prescribed by the RBI. The following table sets forth certain information relating to the CRAR of our Company based on our restated financial position as of year ended 31 March 2022, 31 March 2023 and 31 March 2024:

(₹in lakh, except percentage)

Particulars	30-Sep-24	As of March 31		
		2024	2023	2022
Tier I Capital[1]	139929	130234	114606	98972
Tier II Capital[2]	4777	12553	12092	13615
Total Capital[3]	144706	142787	126698	112587
Total Risk Weighted Assets[4]	404698	397476	314053	262316
Capital Adequacy Ratio / Capital to Risk Weighted Assets Ratio				
CRAR - Tier I capital (%)	34.58	32.77	36.49	37.73
CRAR - Tier II capital (%)	1.18	3.16	3.85	5.19
CRAR (%)	35.76	35.92	40.34	42.92

(1) Teir I capital represents the Tier I capital classified as per the RBI norms
(2) Teir II capital represents the Tier II capital classified as per the RBI norms
(3) Total capital is the total of Tier I and II capital
(4) Total Risk Weighted Assets represent the Assets multiplied by the risk weights as prescribed by the RBI
(5) CRAR- Tier I capital (%) is calculated by dividing the Tier-I capital with the Total Risk Weighted Assets
(6) CRAR- Tier II capital (%) is calculated by dividing the Tier-II capital with the Total Risk Weighted Assets
(7) CRAR (%) is calculated by dividing the Total capital with the Total Risk Weighted Assets

Credit Ratings

Changes in our credit ratings are set forth with M/s Infomerics Valuation and Rating Pvt. Ltd. assigning the following rating to the Company's instruments:

Instrument	Rating		
	As of 31 March		
	2022	2023	2024
Fund Based Facilities from Banks-Long Term	IVR AA-/Stable Outlook	IVR AA-/Stable Outlook	IVR AA/Stable Outlook
Non-Convertible Debentures	IVR AA-/Stable Outlook	IVR AA-/Stable Outlook	IVR AA/Stable Outlook
Commercial Paper	NA	IVR A1+	IVR A1+

Information Technology

Technology is at the core of our operations and we have adopted a well-defined IT strategy since our inception. We drive growth by leveraging on technology enabled processes, supported by data analytics and innovation. Our IT infrastructure, therefore, plays a pivotal role in managing various stages of a loan transaction.

Technology Initiatives Implemented:

1. **AI-Based OCR (Optical Character Recognition)**: Our AI-based OCR solution revolutionizes document processing by automating data extraction from documents such as KYC forms and agreements. This streamlines data entry processes, minimizes errors, and enhances operational efficiency.

2. **Chatbot Integration**: Leveraging AI capabilities, our chatbots offer real-time support and guidance to users, enhancing customer engagement and satisfaction. This high-tech solution, known as Help Guide, provides immediate assistance, reducing response times and improving overall user experiences.

3. **UPI-Based QR Code System**: Our innovative UPI-based QR code system simplifies payment processing, facilitating secure and swift transactions. This technology streamlines payment procedures for both customers and businesses, offering convenience and reliability.

4. **In-House HRMS (Human Resource Management System)**: Our in-house HRMS solution provides comprehensive management of employee records, payroll processing, and recruitment procedures. This centralized platform optimizes HR operations, increases efficiency, and ensures regulatory compliance.

Proposed Technology Initiatives:

In the near future, we are poised to embark on further technological advancements to strengthen our digital infrastructure and maintain a competitive edge. Some of our proposed initiatives include:

1. **Advanced Data Analytics**: Utilizing advanced analytics tools to derive actionable insights from data, enabling informed decision-making and enhancing operational efficiency.

2. **Enhanced Mobile App Features**: Continuously improving our mobile application with enhanced features and functionalities to provide customers with seamless experiences and greater convenience.

3. **Expansion of AI Applications**: Expanding the scope of AI applications across various business functions, including customer service, marketing automation, and predictive analytics, to drive personalized experiences and optimize resource allocation.

Sales and Marketing

Given the demographics and spread of our target audience, we look to connect with prospective customers largely through our local outreach activities undertaken to create visibility in our target markets. We undertake local customer enrolment activities, local branding and advertising through distribution of leaflets and posters and also shop to shop reach-out activities by our branch employees in the target market. Further, the company comes out with various incentive schemes to drive the sales and/or operational objectives from time to time.

In Fiscal 2022, Fiscal 2023, Fiscal 2024, and 30 September 2024 our incentive expenditure for the customer connect was ₹61.42 Lakh, ₹78.65 Lakh, ₹556.31 Lakh and Rs 251.06 Lakh, and accounted for 0.16%, 0.17%, 0.84% and 0.67% of our total revenue from operations.

Competition

The financial services market is being served by a range of financial entities, including traditional banking institutions, captive finance affiliates of players in various industries, NBFCs and small finance banks approved by RBI to enhance credit penetration. Our competitors include established Indian and foreign commercial banks, NBFCs, small finance banks, lending platforms and the private unorganized and informal financiers who principally operate in the local market and in the rural areas in which we operate, who are also focused on lending to low- and middle-income segments and micro, small and medium enterprises. We face significant competition from unorganized, small participants in the market in all sectors in which we operate in addition to other small finance banks, scheduled commercial banks and NBFCs. In addition, many of our potential customers in the lower income segments do not have access to any form of organized institutional lending, and rely on loans from informal sources, especially money lenders, landlords, local shopkeepers, and traders at much higher interest rates. Therefore, we also face significant competition from these unorganized and unregulated market participants who are prevalent in the semi-urban and rural areas, which are our key areas of focus and whose target customer segment is the same as ours.

Intellectual Property

We rely on a combination of trade secrets, proprietary intellectual property and contractual protections to establish and protect our intellectual property rights. We have filed an application for the registration of a trademark, constituting our logo and its accompanying bilingual tagline. The said registration has been objected to, and which as on the date of this Offering Circular remains pending for hearing against a show-cause notice we have received from the Registrar of Trademarks due to such objection. We have filed a reminder letter on January 18, 2024, requesting the Registrar of Trademarks for the aforementioned hearing to be listed and for the said corresponding application is considered, accepted, and advertised in the Trade Marks Journal.

Corporate Social Responsibility

We have adopted a Corporate Social Responsibility ("**CSR**") policy in compliance with the requirements of the Companies Act, 2013 and the Companies (Corporate Social Responsibility) Rules, 2014. As per the requirement, 2% of the average net profits of the preceding three years is spent towards CSR activities. The Company is implementing its CSR activities through various implementing agencies. Our Company's CSR approach is deeply rooted in our philosophy, guided by our CSR Policy.

We undertake our CSR activities with our CSR committee and have undertaken number of CSR projects under our CSR policy. We focus our CSR efforts on supporting causes related to supporting rural development, promoting education, providing preventive healthcare, eradicating hunger, poverty and malnutrition, promoting health care including preventive health and sanitation, promoting education, including special education and employment enhancing vocation skills. The Company has always focused to contribute towards sustainable development of the society and environment, and to make our planet a

better place for future generations. Our initiatives include distribution of cloths and foods, sponsorship for underprivileged students, treatment and rehabilitation of disabled peoples belonging to weaker section of society etc. We have spent ₹1.60 Crore, ₹1.76 Crore and ₹2.11 Crore on CSR activities during Fiscal 2022, 2023 and 2024.

With our above strategies, we believe that we are adequately and actively engaging with our customers, present and potential.

Insurance

We maintain insurance policies that we believe are customary for companies operating in our industry. We have obtained insurance policies to cover our assets against losses from fire, burglary and risks to our property. Additionally, we maintain money insurance policies, motor policies, group life insurance policies and group health insurance policies to cover the medical expenses incurred by our employees during hospitalization, for any illness or injury suffered.

However, our insurance policies may not be sufficient to cover our economic loss. For details, see "*Risk Factors – Our insurance coverage may not be sufficient or may not adequately protect us against all material hazards, which may adversely affect our business, results of operations, cash flows and financial condition*".

Properties

Our Registered Office and Corporate Office is located at CSC, Pocket 52, EPDP Colony, C R Park, Kalkaji, New Delhi - 110019. Our Corporate and Registered Office is owned by our Company. We are headquartered in Uttar Pradesh, India and are supported by 336 branch offices across India. As of 30 September 2024, we own 3 properties and have leased 333 branch properties across India.

Environmental, Sustainability and Governance ("ESG")

Our ESG framework has a strong focus on the social element of our business and we seek to improve financial inclusion and the standard of living of our customers. We have ESG focused operations, as demonstrated through the following:

As of 31 March 2022, 31 March 2023, 31 March 2024, and 30 September 2024, ₹219.38 Crore or 8.08 % of our AUM, ₹535.33 Crore, or 14.99 % of our AUM, ₹1015.72 Crore, or 22.151 % of our AUM, and 746.05 Crore or 16.45 % of our AUM respectively, were from customers who belonged to the low-income group, earning not more than ₹25,000 per month.

Governance

Our Company's Board comprises a suitable mix of Independent and Non-Independent Directors, ensuring the preservation of its independence and distinguishing the Board's governance duties from the Company's management responsibilities. We had over six board meetings in the last fiscal with the average attendance rate at the Board and Board committee meetings being 98.33% and 96.92% respectively. Our Independent Directors chair our statutory Board-level committees such as our Audit Committee, Nomination and Remuneration Committee, Risk Management Committee and Stakeholders' Relationship Committee. We ensure compliance with all the prescribed regulations on corporate governance and have implemented and adopted several policies such as whistle-blower, dividend distribution, succession, business continuity planning etc.

Certifications and Awards

We have always maintained a focus on integrating social values in the design and delivery at all stages of products and services. The following table shows the numerous awards and certifications in recognition of our socially- focused approach in conducting our business and our performance as an NBFC:

Award / Certification	Organization which gave the award / certification	Year awarded
Best Women Customer Engagement	Elets NBFC100 Leader of Excellence Awards	2023
Best Women Customer Engagement Initiative	Banking Frontliners	2023
DNA NBFC Award	DNA	2023

LEGAL PROCEEDINGS

Save as described below, the Company is not involved in any material legal proceedings, and in the opinion of the Company no proceedings are threatened, which may have or have had during the 12 months preceding the date of this Offering Circular, a material adverse effect on the Company's business, financial position, profitability or results of operations.

Solely for the purpose of the Issue, the outstanding legal proceedings where the amount involved is material as calculated as per SEBI Listing Regulations, have been disclosed in this section of this Offering Circular.

I. Litigation involving our Company

Criminal proceedings against our Company

The ex-employees, field managers and the borrowers have filed certain FIRs against our Company, under Sections 120B, 409, 420, 504 & 506 of the Indian Penal Code, 1860 at Police Stations Hariparwat, Agra, Police Station Faridpur, Bareilly, Meerut on the grounds that the Company had, *inter alia,* (i) criminal conspiracy, (ii) criminal breach of trust, (iii) threat and intimidation etc. Further FIRs against the Company were filed by the borrowers in the aforementioned police stations on the grounds that our Company, *inter alia,*(i) criminal conspiracy, (ii) Cheating (iii) threat and intimidation etc. Moreover, certain complaints have been filed against the Company before the Court of Additional Chief Judicial Magistrate, Agra, under Sections 156(3), 190(1)(a) Code of Criminal Procedure, 1973 for offences punishable under Section(s) 120B, 406, 420, 504 and 506 of the Indian Penal Code, 1860 as the Company had allegedly committed the offenses of, *inter alia,*(i) cheating (ii) harassment, (iii) threat. These matters are currently pending.

Criminal proceedings by our Company

The Company has filed certain FIRs against the employees/ex-employees, field managers and borrowers of our Company along-with their guarantors, under Sections 34, 120B, 174A, 192, 193, 196,199, 200, 202, 323, 342, 352, 383, 384, 386, 388, 389, 403, 405, 406, 408, 409, 415, 418, 420, 421, 422, 423, 424, 452, 467, 468, 471, 474, 476, 467, 468, 477, 477A, 499, 500, 504506 and 507 of the Indian Penal Code, 1860 at Police Station New Agra, Agra, Police Station Hariparwat, Agra , Police Station Kotwali, Agra, Police Station Lohamandi, Agra, Police Station Etmaddulah, Agra, Police Station Atal Bhand, Bharatpur, Police Station Faridpur, Bareilly, Police Station Baldev, Mathura, Police Station Banna Devi, Aligarh, Police Station, Madrak, Aligarh, Police Station, Hathras Junction, Hathras, Police Station Tundla, Firozabad, Police Station Nasirpur, Firozabad, Police Station Reusa, Sitapur, Police Station Sidhauli, Sitapur, Police Station Krishna Nagar, Lucknow, Police Station Awagarh, Etah, Police Station Aliganj, Etah, Police Station Shakarpur, Delhi, Police Station Economic Offences Wing, Mandir Marg, Delhi, Police Station Kasna, Gautam Buddh Nagar, Police Station Gumanpura, Kota, Police Station Kankarkhera, Meerut on the grounds that the employees/ex-employees, field managers of the Company had, inter alia, (i) accepted the deposits from the borrowers and failed to submit the same to the Company and (ii) misappropriated the money of the Company. Further, FIRs against the borrowers of the Company were filed in the aforementioned police stations on the grounds that our borrowers, inter alia, (i) misappropriated the loan amount, (ii) defaulted in repayment of loan amount, (iii) forgery, (iv) cheating, (v) threatened the employees of the Company, and (v) misappropriated the loan security and siphoned off funds Moreover, certain private complaints have been filed against the employees/ ex-employees, field managers and borrowers of our Company before the Court of Assistant Chief Judicial Magistrate, Agra, under Sections 156 (3), 190 (1)(a) and 482 of Code of Criminal Procedure, 1973 for Offence(s) punishable under Sections 34, 120B, 192, 193, 196, 199, 200, 202, 323, 383, 389, 403, 405, 406, 408, 409, 415, 418, 420, 421, 422, 423, 424, 452, 467, 468, 469, 471, 477A, 499, 504 and 506 of the Indian Penal Code, 1860 on the grounds that the employees/ ex-employees, and field managers of the Company had committed the offenses of, inter alia,(i) accepted the deposits from the borrowers and failed to submit the same to the Company, (ii) misappropriated the money received from the borrower Company, (iii) defamed the company. These matters are currently pending.

Matters under Negotiable Instruments Act

Our Company, in the ordinary course of business, has filed 466 (Four Hundred Sixty Six) proceedings aggregating to an amount of ₹4938 Lakhs against defaulting customers under section 138 of the Negotiable Instruments Act, 1882. Such proceedings are pending before various adjudicating forums.

Civil proceedings against our Company

M/s Shilpa Beverages Private Limited and its guarantors have filed a petition before the Hon'ble Delhi High Court against our Company bearing number O.M.P. (COMM.) 80/2018 on 17 February 2018. This petition seeks a stay and/or setting aside of the Arbitral Award dated 28 September 2017 passed by the Learned Sole Arbitrator against M/s Shilpa Beverages Private Limited and its guarantors. The venue of arbitration was Delhi. The arbitral proceedings in which the said award was passed were instituted by our Company against M/s Shilpa Beverages Private Limited and its guarantors due to non-payment of outstanding amounts of ₹1,553.55 lakh. Proceedings are pending before the Hon'ble Delhi High Court at the stage of final arguments and the next date of hearing is 12 February 2025.

Civil proceedings by our Company

1. Our Company has filed an Execution Application for the execution of an Arbitral Award against guarantors of M/s. Koutons Retails India Limited (under liquidation) for the execution of the Arbitral Award described below with such petition bearing Execution Case No. 1350/2018 dated 7 July 2018, before court of the Learned Additional District Judge-cum-Presiding Officer, Commercial Court, Gurugram. The next date of hearing for the Application and before the court of the Learned Additional District Judge-cum-Presiding Officer, Commercial Court, Gurugram is 12 December 2024. Our Company had commenced arbitral proceedings against M/s. Kutons Retails India Limited (under liquidation) and its guarantors, including Mr. Davinder Pal Singh Kohli, before a Learned Sole Arbitrator appointed on 31 July 2013. The venue of arbitration was New Delhi. The arbitration proceedings were instituted due to non-payment of outstanding amounts of ₹4,839.62 lakh. Vide order dated 16 September 2015, the Learned Sole Arbitrator awarded the Company a sum of ₹7,096.51 lakh payable severally or jointly by M/s Kutons Retails India Limited and its guarantors.

2. Our Company has filed an Execution Application against M/s Obra Developers Private Limited and its guarantors bearing number O.M.P.(MISC.) (COMM.) 160/2023 before the Hon'ble Delhi High Court on 19 May 2023 seeking an extension on the period of making Arbitral Award by the Learned Sole Arbitrator appointed for the arbitral proceedings described below, as the mandate of the Learned Sole Arbitrator expired on 22 February 2022. The same is pending before the Hon'ble Delhi High Court and the next date of hearing is 13 January 2025. Our Company commenced arbitral proceedings against M/s Obra Developers Private Limited and its guarantors before a Learned Sole Arbitrator appointed on 15 May 2019. The venue of arbitration is Delhi. The arbitral proceedings were instituted due to non-payment of outstanding amounts of ₹688.75 lakh.

3. Our Company has filed an Execution Application for the execution of the Arbitral Award dated 3 January 2014 against M/s M.J. Industries, its guarantors, and a company in which the guarantors were directors bearing number 100627/15 on 26 February 2015 before the court of the Learned District Judge, Pune, Maharashtra. The arbitral proceedings in which the said award was passed were instituted by our Company due to non-payment of outstanding amounts of ₹699.04 lakh. Proceedings are pending before the court of the Learned District Judge, Pune, Maharashtra, and the next date of hearing is 19 December 2024.

4. Our Company has filed an Execution Application against M/s Star Bazaar Private Limited and its guarantors bearing number O.M.P. (ENF.) (COMM.) 25/2016 on 19 February 2016 before the Hon'ble Delhi High Court and another execution petition bearing number EXAL/2322/16 in November, 2016 before the Hon'ble Bombay High Court. The arbitral proceedings in which the said award was passed were instituted by our Company against the Respondents due to non-payment of outstanding amounts of ₹1,380.73 lakh. Proceedings are pending before Hon'ble Delhi High Court

with the next dates of hearing being 20 January 2025, and Hon'ble Bombay High Court is at pre-admission stage.

5. Our Company has filed an Execution Application against M/s Shruti Art Private Limited and its guarantors bearing number EXA 1818/15 on 26 June 2015 before the Hon'ble Bombay High Court for the execution of an Arbitral Award dated 6 September 2014 in favour of our Company. The arbitral proceedings in which the said Award was passed were instituted by our Company against the M/s Shruti Art Private Limited and its guarantors due to non-payment of outstanding amounts of ₹622.37 lakh. The Application before the Hon'ble Bombay High Court is at the pre-admission stage.

6. Our Company has filed an Execution Application bearing number Execution Case No. 17 of 2016 against Mr. Bhupinder Singh Sawhney on 9 March 2016 before the Court of Learned District Judge, Saharanpur, seeking execution of Arbitral Award dated 20 October 2015 passed by the Learned Sole Arbitrator ("**Award**"). The claim of ₹508.06 lakh along with *pendente lite* interest amounting to ₹379.01 lakh was allowed in favour of our Company. The arbitral proceedings in which the said Award was passed were instituted by our Company against Mr. Bhupinder Singh Sawhney due to non-payment of outstanding amounts of ₹508.06 lakh. Proceedings are pending before the court of Meerut, with the next date of hearing being 17 December 2024.

7. Our Company has filed an Application before the Hon'ble Delhi High Court on 19 March 2023, bearing number ARB. P. 396/2024 seeking the leave of the court for appointment of an independent presiding arbitrator in the dispute arising from Sat Priya Mehamia Memorial Educational Trust defaulting in repayments amounting to ₹2195.00 lakh along-with Penal Charges. The Hon'ble High Court of Delhi vide order dated 3 April 2024 appointed Justice U.U Lalit (Retd.) as the Learned Sole Arbitrator in the matter. Arbitration proceedings initiated and next date of hearing being 23 December 2024. Sat Priya Mehamia Memorial Educational Trust (through its Chairman, Mr. Mukesh Arya) has also filed a Writ Petition bearing number W.P. (C.) 3560/2024 on 6 March 2024, before the Hon'ble Delhi High Court seeking the issuance of directions to RBI and/or SEBI to take action against alleged unethical lending practices undertaken by our Company and to, *inter alia*, undertake special and forensic audits of our Company's accounts. The said petition remains pending with the next date of hearing being 12 December 2024.

8. Our Company has filed Execution Applications against D.D. Global Capital Ltd. and its Guarantors including M/s Renaissance Buildcon Company Private Limited bearing number EXE No. 856 of 2018 before the Learned Additional District Judge, Mohali (SAS Nagar) on 16 July 2018 and bearing O.M.P (Enf.) (Comm.) No. 227 of 2018 before Hon'ble High Court of Delhi filed on 24 September 2018 seeking execution of Arbitral Award dated 22 June 2016 passed by the Learned Sole Arbitrator ("**Award**"). The claim of ₹910.00 lakh along with *pendente lite* interest amounting to ₹966.19 lakh was allowed in favour of our Company. The arbitral proceedings in which the said Award was passed were instituted by our Company against D.D. Global Capital Ltd and its Guarantors including M/s Renaissance Buildcon Company Private Limited due to non-payment of outstanding amounts of ₹910.00 lakh. Proceedings which are pending before the court of Learned Additional District Judge, Mohali (SAS Nagar) is transferred to commercial court. Application of Respondent is dismissed by Mohali Court vide order dated 18 March 2024 holding that Contempt Petition No. CONT.CAS(C), 298 of 2021 shall not stay the Execution Petition. The next date of hearing before the court of Learned Additional District Judge, Mohali (SAS Nagar) is on 17 December 2024. Further, proceedings are pending before the Hon'ble High Court of Delhi with the next date of hearing being 23rd January,2025.

9. Our Company has filed an Execution Application before the Hon'ble Delhi High Court on 15 May 2019 bearing number O.M.P. (ENF.) (COMM.) 85/2019 against M/s Jay Polychem (India) Limited (in liquidation) and its guarantors for the execution of an Arbitral Award of a sum of ₹616.32 lakh on 31 July 2015 as modified by the Hon'ble Delhi High Court vide order dated 7 May 2018 in O.M.P. (Comm.) 12/2016. This Application is pending with next dates of hearing being 30 January 2025. Our Company had simultaneously filed an Execution Application before the Learned Additional Sessions Judge cum Presiding Officer, Commercial Court, Gurugram in August, 2021, bearing number EXE/882/2021 against M/s Jay Polychem (India) Limited (in liquidation) and its guarantors. This Execution Application was partially allowed on 21 April 2023, and having next date of hearing

being 17 December 2024. Our Company has also filed an Arbitration Petition before the Hon'ble Delhi High Court on 20 February 2023 bearing number ARB. P. 215/2023 against the guarantors of M/s Jay Polychem (India) Limited (in liquidation) for the appointment of an independent arbitrator by the court, which was allowed and disposed of with the appointment of a Learned Sole Arbitrator vide order dated 23 April 2024. The Arbitration Proceedings have been initiated and our Company has filed Claims of Rs.146,353,913 with further interest and next date of hearing being 02 December 2024.

10. Our Company had initiated arbitral proceedings against M/s NIIL Infrastructures Private Limited and its guarantors by appointment of a Learned Sole Arbitrator on 19 May 2017 followed by the appointment of a new Sole Arbitrator on 9 September 2017, as M/s NIIL Infrastructures Private Limited had defaulted on repayments against a loan extended to it by our Company. The venue of arbitration was Delhi. Our Company has also filed a petition bearing number O.M.P. (MISC.) (COMM.) 40/2019 before the Hon'ble Delhi High Court on which thereafter extended the period within which the Learned Sole Arbitrator could deliver an award vide order dated 4 April 2019. The Learned Sole Arbitrator delivered an award in favour of the Company on 24 January 2020, and a corrected award dated 27 February 2020 ("**Award**"), which was for a sum of ₹834.12 lakh in favour of our Company. Aggrieved, the guarantors of M/s NIIL Infrastructures Private Limited have filed a petition challenging the Award before the Hon'ble Delhi High Court bearing number O.M.P. (COMM.) No. 414/2022 on 27 September 2022 and O.M.P. (COMM.) No. 415/2022 against our Subsidiary Company (Nupur Finvest Private Limited), which remains pending before the court and the next date of hearing is 17 April 2025.

11. Our Company has filed an Execution Application before the Learned Principal Judge District Court, Coimbatore on 26 August 2019, bearing number EP 2607/2019 against VTX Industries (in liquidation) and its guarantors for the execution of an arbitral award of a sum of ₹1210.81 on 13 October 2016. This Petition is pending with next date of hearing being 11 December 2024.

Debt recovery proceedings involving our Company

As on date of this Offering Circular, our Company is involved in 4 debt recovery proceedings (including proceedings under the Securitization and Reconstruction of Assets and Enforcement of Security Interest Act, 2002) which are pending in DRT/DRAT with an amount aggregating to approximately ₹572.37 Lakh of which none of the case exceed the Materiality Threshold, and are currently pending at various stages of adjudication before various DRT/DRAT.

Enforcement proceedings initiated by our company

As on date of this Offering Circular, our Company has initiated enforcement proceeding in 14 (Fourteen) cases for debt recovery under the Securitization and Reconstruction of Assets and Enforcement of Security Interest Act, 2002) with an amount aggregating to approximately ₹5,848.21 Lakh of which 2 (Two) cases exceed the Materiality Threshold, aggregating to approximately ₹3,145.67 Lakh, which are currently pending at various stages of adjudication before various courts and tribunals.

Insolvency proceedings involving our Company

As on date of this Offering Circular, our Company has initiated or has been admitted as a creditor in 33 (Thirty Three) insolvency proceedings with an amount aggregating to approximately ₹9,705.83 Lakh, of which 4 (Four) cases exceed the Materiality Threshold, aggregating to approximately ₹4,866.43 Lakh, which are currently pending before various benches of the National Company Law Tribunal and the National Company Law Appellate Tribunal and the Hon'ble Delhi High Court.

Other Proceedings

Our Company has filed a Writ Petition, impugning the Show-Cause Notice Dated 04.09.2024 and the Final Order dated 21.10.2024, passed by the Sub-Divisional Magistrate (SDM) Kalkaji under Section 152 of the Bharatiya Nagarik Suraksha Sanhita, 2023 (hereinafter referred as the "**BNSS**") whereby the SDM has directed the Company to vacate the "Secured Asset" in possession. The present Writ Petition has also

been brought by the Company, seeking issuance of writ of certiorari and any other appropriate writ/directions to set aside the impugned Show-cause Notice and the Final order. Stay Order has been passed in favour of the Company and next date of hearing is 22 April 2025.

II. Litigation involving our Subsidiaries

Criminal proceedings by our Subsidiaries

The subsidiary company has initiated 9 Criminal Cases against the Field Managers (Agents) who have usurped the money of collected instalments of the Borrowers of the Company i.e. Paisalo Digital Ltd. (Formerly known as S.E. Investments Ltd.) and amount involved in theses is Rs.221,735,480.

Except this, the subsidiary company had initiated 235 Complaints Cases u/s 138 of N.I. Act amounting to Rs.5,559,198.

As on date of this Offering Circular, the subsidiary company has initiated or has been admitted as a creditor in 5 (Five) insolvency proceedings with an amount aggregating to approximately ₹1,055.31 Lakh of which 1 (One) case exceed the Materiality Threshold, aggregating to approximately ₹866.92 Lakh, which are currently pending before various benches of the National Company Law Tribunal and the National Company Law Appellate Tribunal and the Hon'ble Delhi High Court.

III. Litigation involving our Directors

Criminal proceedings against our Directors

Bhoop Singh S/o Shri Bihari Lal R/o village Azizpur Post Dhanoli P.S. Malpura, Agra had filed an F.I.R. numbered Case Crime No. 1273/10 in police station Hariparwat, Agra, against our Chairman & Managing Director and certain officers of our Company dated 13 December 2010 accusing them of offences under sections 420, 467, 468, 471, 120B and 504 of the Indian Penal Code, 1860. The police submitted its final investigation report on 30 January 2011 whereby the police did not find the accusations of Bhoop Singh to be true. Consequently, Bhoop Singh filed a protest petition numbered Misc. Appln. 269/11 under section 156(3) of the Code of Criminal Procedure, 1973, before the court of the Chief Judicial Magistrate, Agra on 17 October 2013. Proceedings are pending and the next date of hearing is 6 February 2025. Our Company has simultaneously filed a complaint against Bhoop Singh before the court of the Chief Judicial Magistrate, Agra, bearing number Complaint Case No. 353 of 2012 on 9 July, 2012, stating that the Complainant's F.I.R. contains false and defamatory statements which have been made to defame and lower the reputation of the Company in the estimation of its customers, various officials, and the public at large. The next date of hearing for the same is 19 December 2024.

IV. There are no litigation, inquiries, inspections or investigations initiated or conducted under the Companies Act, 2013 or the Companies Act, 1956 against our Company and/or our Subsidiaries in the last three years preceding the year of this Offering Circular.

V. There are no prosecutions filed against, fines imposed on, or compounding of offences by our Company and/or our Subsidiaries under the Companies Act, 2013 or the Companies Act, 1956 in the last three years preceding the year of this Offering Circular.

VI. There are no material frauds committed against our Company in the last three years preceding the date of this Offering Circular.

VII. There are no defaults by our Company in respect of payment of statutory dues as on the date of this Offering Circular or the repayment of: (i) debentures (including interest thereon); (ii) deposits (including interest thereon); and (iii) loans (including interest thereon), as on the date of this Offering Circular.

VIII. There are no litigations or legal actions pending or taken against our Promoters by any Ministry or Department of the Government or any statutory authority in the last three years immediately preceding the year of circulation of this Offering Circular and there are no directions issued by

such Ministry or Department of the Government or statutory authority upon conclusion of such litigation or legal action.

IX. There are no defaults in submitting the annual filings under the Companies Act, 2013 or Companies Act, 1956 or rules made thereunder.

X. Neither us, nor our Promoters or Directors are wilful defaulters or fraudulent borrowers as at the date of this Offering Circular.

XI. As at the date of this Offering Circular, none of the Directors of our Company are fugitive economic offenders.

XII. There are no significant and material orders passed by the regulators, courts and tribunals impacting the going concern status of our Company and its future operations.

REGULATIONS AND POLICIES

Given below is an indicative summary of certain relevant laws and regulations applicable to the Company. The information in this section has been obtained from publications available in the public domain. The description of the applicable regulations as given below has been provided in a manner to provide general information to the investors and may not be exhaustive and is neither designed nor intended to be a substitute for professional legal advice. The statements below are based on the current provisions of applicable law, which are subject to change or modification by subsequent legislative, regulatory, administrative or judicial decisions.

Labour Laws

The Employees' Provident Funds and Miscellaneous Provisions Act, 1952

The Employees Provident Funds and Miscellaneous Provisions Act, 1952 ("**EPF Act**"), as amended from time to time (latest amendment on 22nd April 2019) came into force on 4th March 1952 mandates provisioning for provident fund, pension fund and deposit linked insurance fund in factories and other establishments for the benefits of the employees. The EPF Act applies to all establishments engaged in any industry specified in Schedule I (of the EPF Act) that employ 20 (twenty) or more persons and to any other establishment employing 20 (twenty) or more persons or class of such establishments which the Central Government may specify by a notification.

Under the EPF Act, the Central Government has framed the Employees Provident Fund Scheme, Employees Deposit-Linked Insurance Scheme and the Employees' Pension Scheme. Liability is imposed on the employer and the employee to contribute to funds mentioned above, in the manner specified in the EPF Act. There is also a requirement to maintain prescribed records and registers and filing of forms with the concerned authorities. The EPF Act also prescribes penalties for avoiding payments require to be made under the abovementioned schemes.

The Payment of Bonus Act, 1965

The Payment of Bonus Act, 1965, as amended from time to time ("**Bonus Act**"), provides for payment of bonus based on profit or based on production or productivity, to persons employed in factories or in establishments employing 20 (twenty) or more persons on any day during an accounting year. It ensures that a minimum bonus is payable to every employee regardless of whether the employer has any allocable surplus in the accounting year in which the bonus is payable. Under the Bonus Act, the employer is bound to pay to every employee, in respect of the accounting year, a minimum bonus equal to 8.33% of the salary or wage earned by the employee during the accounting year or Rupees Hundred, whichever is higher. If the allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to maximum of 20% of such salary or wage. Allocable bonus is defined as 67% of available surplus in the financial year, before making arrangements for the payment of dividend out of profit of the Company.

The Payment of Gratuity Act, 1972

The Payment of Gratuity Act, 1972, as amended from time to time ("**Gratuity Act**"), provides for payment of gratuity, to an employee, at the time of termination of his services. Gratuity is payable to an employee on the termination of his employment after he has rendered continuous service for not less than five years: (a) on his/her superannuation; (b) on his/her retirement or resignation; (c) on his/her death or disablement due to accident or disease (in this case the minimum requirement of five years does not apply).

The Gratuity Act establishes a scheme for the payment of gratuity to employees engaged in establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months and in such other establishments in which ten or more persons are employed or were employed on any day of the preceding twelve months, as the Central Government may specify by notification. The maximum amount of gratuity payable to an employee shall be as may be notified by the Central Government from time to time.

The Employees State Insurance Act, 1948

The Employees State Insurance Act, 1948 ("**ESI Act**") provides for certain benefits to employees in case of sickness, maternity, and employment injury. All employees in establishments covered by the ESI Act are required to be insured, with an obligation imposed on the employer to make certain contributions in relation thereto. Employers of factories and establishments covered under the ESI Act are required to pay contributions to the Employees State Insurance Corporation, in respect of each employee at the rate prescribed by the Central Government. Companies which are controlled by the Government are exempt from this requirement if employees receive benefits similar or superior to the benefits prescribed under the ESI Act. In addition, the employer is also required to register itself under the ESI Act and maintain prescribed records and registers.

The Code of Wages, 2019

The Code on Wages, 2019 enacted on 8th August 2019 is proposed to be shortly notified to amend and consolidate the laws relating to wages and bonus and matters connected therewith or incidental thereto. The Code will apply to all employees. The central government will make wage-related decisions for employments such as railways, mines, and oil fields, among others. State governments will make decisions for all other employments. Wages include salary, allowance, or any other component expressed in monetary terms. This does not include bonus payable to employees or any travelling allowance, among others. According to the Code, the central government will fix a floor wage, taking into account minimum living standards of workers. Further, it may set different floor wages for different geographical areas. Before fixing the floor wage, the central government may obtain the advice of the Central Advisory Board and may consult with state governments. The Code specifies penalties for offences committed by an employer, such as (i) paying less than the due wages, or (ii) for contravening any provision of the Code. Penalties vary depending on the nature of offence, with the maximum penalty being imprisonment for three months along with a fine of up to one lakh rupees.

Maternity Benefit Act, 1961

The Maternity Benefit Act, 1961, as amended from time to time ("**Maternity Benefit Act**"), is aimed at regulating the employment of women in certain establishments for certain periods before and after childbirth and for providing for maternity benefit and certain other benefits. It applies to every establishment being a factory, mine or plantation including any such establishment belonging to government and to every establishment wherein persons are employed for the exhibition of equestrian, acrobatic and other performances. It also applies to every shop or establishment wherein ten or more persons are employed or were employed on any day of the preceding twelve months.

According to the Maternity Benefit Act, every woman is entitled to, and her employer is liable for, the payment of maternity benefit at the rate of the average daily wage for the period of her actual absence, including the period immediately preceding the day of her delivery, the actual day of her delivery and any period immediately following that day.

The Equal Remuneration Act, 1976

The Equal Remuneration Act, 1976 as amended from time to time ("**Remuneration Act**") aims to provide for the payment of equal remuneration to men and women workers and for the prevention of discrimination, on the ground of sex, against women in the matter of employment and for matters connected therewith or incidental thereto. According to the Remuneration Act, no employer shall pay to any worker, employed by him/ her in an establishment, a remuneration (whether payable in cash or in kind) at rates less favorable than those at which remuneration is paid by him to the workers of the opposite sex in such establishment for performing the same work or work of a similar nature.

In addition, no employer shall, for complying with the foregoing provisions of the Remuneration Act, reduce the rate of remuneration of any worker. No employer shall, while making recruitment for the same work or work of a similar nature, or in any condition of service subsequent to recruitment such as

promotions, training, or transfer, make any discrimination against women except where the employment of women in such work is prohibited or restricted by or under any law for the time being in force.

The Child and Adolescent Labour (Prohibition and Regulation) Act, 1986

The Child and Adolescent Labour (Prohibition & Regulation) Act, 1986, ("**Child Labour Act**") as last amended in 2016 was enacted to prohibit the engagement of children below the age of fourteen years in certain specified occupations and processes and to regulate their conditions of work in certain other employments. No adolescent shall be required or permitted to work in any establishment in excess of such number of hours, as may be prescribed for such establishment or class of establishments. Every adolescent employed in an establishment shall be allowed in each week, a holiday of one whole day, which day shall be specified by the occupier in a notice permanently exhibited in a conspicuous place in the establishment and the occupier shall not alter the day so specified more than once in three months.

The Industrial Disputes Act, 1947

The Industrial Disputes Act, 1947 as last amended in 2010 ("**ID Act**") provides the procedure for investigation and settlement of industrial disputes. When a dispute exists or is apprehended, the appropriate Government may refer the dispute to a labor court, tribunal, or arbitrator, to prevent the occurrence or continuance of the dispute, or a strike or lock-out while a proceeding is pending. The labor courts and tribunals may grant appropriate relief including ordering modification of contracts of employment or reinstatement of workers. The Industrial Disputes Act provides for direct access for the workers to labor courts or tribunals in case of individual disputes and provided for the constitution of grievance settlement machineries in any establishment having twenty or more workers.

The Trade Union Act, 1926

The Trade Union Act, 1926 ("**Trade Union Act**") provides for registration of trade unions (including association of employers) with a view to render lawful organization of labor to enable collective bargaining. The Trade Union Act also confers certain protection and privileges on a registered trade union. It applies to all kinds of unions of workers and associations of employers and aims at regularizing labor-management relations.

No trade union shall be registered unless a minimum of seven workers engaged or employed in the establishment or industry with which it is connected are the members of such trade union on the date of making of application for registration. However, a trade union shall not be registered unless at least ten per cent, or one hundred of the workers, whichever is less, engaged or employed in the establishment or industry with which it is connected are the members of the Trade Union on the date of making of application for registration. The trade union so formed has the right to act for the individual and/or for collective benefit of workers at different levels.

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 ("**SHWW Act**") provides for the protection of women at workplace and prevention of sexual harassment at workplace. The SHWW Act also provides for a redressal mechanism to manage complaints in this regard. Sexual harassment includes one or more of the following acts or behaviour namely, physical contact and advances or a demand or request for sexual favours or making sexually coloured remarks, showing pornography or any other unwelcome physical, verbal, or non-verbal conduct of sexual nature.

The SHWW Act makes it mandatory for every employer of a workplace to constitute an Internal Complaints Committee presided upon by a woman. It also provides for the manner and time period within which a complaint shall be made to the Internal Complaints Committee i.e., a written complaint to be made within a period of three months from the date of incident. If the establishment has less than ten employees, then the complaints from employees of such establishments as also complaints made against the employer himself shall be received by the Local Committee constituted under section 6 of the SHWW Act.

Anti-Trust Laws

The Competition Act, 2002

The Competition Act, 2002, as last amended in 2023 ("**Competition Act**") aims to prevent anti-competitive practices that cause or are likely to cause an appreciable adverse effect on competition in the relevant market in India. The Act prohibits anti-competitive agreements, abuse of dominant position and regulates combinations (mergers and acquisitions) with a view to ensure that there is no adverse effect on competition in the relevant market in India.

Under the Competition Act, the Competition Commission has powers to pass directions / impose penalties in cases of anti-competitive agreements, abuse of dominant position and combinations, provided the penalty is not more than ten per cent of the average turnover of the last three years.

Intellectual Property Laws

India has certain laws relating to intellectual property rights such as patent protection under the Patents Act, 1970, copyright protection under the Copyright Act, 1957, trademark protection under the Trade Marks Act, 1999, and design protection under the Designs Act, 2000.

The Trademarks Act, 1999

The Act provides for the process for making an application and obtaining registration of trademarks in India. The purpose of the Trademarks Act is to grant exclusive rights to marks such as a brand, label, heading and to obtain relief in case of infringement for commercial purposes as a trade description. The Trademarks Act prohibits registration of deceptively similar trademarks and provides for penalties for infringement, falsifying and falsely applying trademarks.

The Copyright Act, 1957

This Act governs the copyright protection in India. Even while copyright registration is not a prerequisite for acquiring or enforcing a copyright in an otherwise copyrightable work, registration under the Act acts as prima facie evidence of the particulars entered therein and helps expedite infringement proceedings and reduce delay caused due to evidentiary considerations.

The Designs Act, 2000

This Act protects any visual design of objects that are not purely utilitarian. An industrial design consists of the creation of a shape, configuration, or composition of pattern or colour, or combination of pattern and colour in three-dimensional form containing aesthetic value. It provides an exclusive right to apply a design to any article in any class in which the design is registered.

The Patents Act, 1970

This Act governs the patent regime in India and recognizes process patents as well as product patents. Patents obtained in India are valid for a period of 20 years from the date of filing the application. The Act also provides for grant of compulsory license on patents after expiry of three years of its grant in certain circumstances such as reasonable requirements of the public, non-availability of patented invention to public at affordable price or failure to work the patented invention.

Tax Laws

Income Tax Act, 1961

The Income Tax Act, 1961 ("**Income Tax Act**") consolidates all the provisions in relation to income tax and is applicable to every domestic / foreign company whose income is taxable under the Income Tax Act depending upon its "residential status" and "kind of income" earned by the company. Further, every company is required to file a return for the income earned in the previous year with the authorities under

the Income Tax Act by 31st October of the assessment year. The Income Tax Act inter alia provides for tax deduction at source, fringe benefit tax, advance tax and minimum alternative tax and the like which is required to be complied with by every Company.

Central Goods and Services Tax Act, 2017

The Central Goods and Services Tax Act, 2017 enacted on 12th April 2017 is an act to make a provision for levy and collection of tax on inter-State supply of goods or services or both by the Central Government and for matters connected therewith or incidental thereto. It is a comprehensive, multistage, destination-based tax: comprehensive because it has subsumed almost all the indirect taxes except a few state taxes. Multi-staged as it is, the GST is imposed at every step in the production process but is meant to be refunded to all parties in the various stages of production other than the final consumer and as a destination-based tax, it is collected from point of consumption and not point of origin like previous taxes.

The Customs Act, 1962

The Customs Act, 1962, as amended from time to time (Customs Act") regulates import of goods into and export of goods from India. Further, the Customs Act regulates the levy and collection of customs duty on goods in accordance with the Customs Tariff Act, 1975. Under the Customs Act, the Central Board of Customs and Excise (CBEC) is empowered to appoint, by notification, ports or airports as customs ports or airports.

The Customs duty is payable as a percentage of value which is known as assessable value or customs value. The value may be either value or tariff value as defined in the Customs Act. According to the Customs Act, the value of the imported goods and export goods shall be the transaction value of such goods i.e., the price actually paid or payable for the goods when sold for export to India for delivery at the time and place of import or export from India for delivery at the time and place of export where the buyer and seller of the goods are not related and price is the sole consideration for the sale. Any company requiring import or export any goods is required to get itself registered under the Custom Act and obtain Importer Exporter Code number.

Miscellaneous Laws

Environment Protection Act, 1986

The aim/purpose of bringing the Act into force is to provide for the protection and improvement of environment and for matters connected there with. The Act was passed on 23 May 1986 & came into force on 19th November 1986. To take appropriate steps for the protection and improvement of human environment that was laid down in United Nations Conference on the Human Environment held at Stockholm in June 1972, in which India also participated. The Act empowers the Central Government to take all such measures as it deems necessary or expedient for the purpose of protecting and improving the quality of the environment in coordination with the State Governments.

The Foreign Trade (Development and Regulation) Act, 1992

In India, the main legislation concerning foreign trade is the Foreign Trade (Development and Regulation) Act, 1992 (FTA). The FTA read along with relevant rules provides for the development and regulation of foreign trade by facilitating imports into, and augmenting exports from, India and for matters connected therewith or incidental thereto. As per the provisions of the Act, the Government: (i) may make provisions for facilitating and controlling foreign trade; (ii) may prohibit, restrict and regulate exports and imports, in all or specified cases as well as subject them to exemptions; (iii) is authorized to formulate and announce an foreign trade policy and also amend the same from time to time, by notification in the Official Gazette; (iv) is also authorized to appoint a 'Director General of Foreign Trade' for the purpose of the Act, including formulation and implementation of the foreign trade Policy. FTA read with the Indian Foreign Trade Policy provides that no export or import can be made by a company without an Importer-Exporter Code number unless such company is specifically exempt. An application for an Importer-Exporter Code number has to be made to the office of the Joint Director General of Foreign Trade, Ministry of Commerce.

General Laws

In addition to the above-mentioned laws and policies, the provisions of the Indian Contract Act, 1872, the Specific Relief Act, 1963, the Consumer Protection Act, 2019, the Companies Act 1956 or the Companies Act, 2013 (as may be applicable/amended/modified from time to time), etc., is applicable to the business and activities of the Company.

Policies Applicable

The Foreign Direct Investment

Foreign investment in companies is governed by the provisions of the Foreign Exchange Management Act, 1999 read with the applicable regulations. The Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry (MoCI) has issued the Consolidated FDI Policy the (FDI Circular) which consolidates the policy framework on Foreign Direct Investment (FDI), with effect from October 15, 2020. The FDI Circular consolidates and subsumes all the press notes, press releases, and clarifications on FDI issued by DPIIT till October 15, 2020. At present 100% (One Hundred Per Cent) FDI is permitted through the automatic route in the sector, in which the company operates.

BOARD OF DIRECTORS AND SENIOR MANAGEMENT

BOARD OF DIRECTORS

The general supervision, direction and management of our Company, its operations and business are vested in the Board, which exercises its powers subject to the Memorandum of Association and Articles of Association of our Company and as per the requirements of the applicable laws. The composition of our Board is governed by the provisions of the Companies Act, 2013, the Articles of Association of our Company, the SEBI Listing Regulations and the NBFCs Master Directions.

Pursuant to the provisions of the Companies Act, at least two-third of the total number of Directors, excluding Independent Directors, are liable to retire by rotation, with one-third of such number retiring at each AGM. Additionally, in accordance with the Articles of Association of our Company, if the number of Directors retiring is not three or a multiple of three, then the nearest number to one-third are liable to retire by rotation. A retiring Director is eligible for reappointment. Further, as per the provisions of Companies Act, an Independent Director may be appointed for a maximum of two consecutive terms of up to five consecutive years each. However, the reappointment of an Independent Directors for a second consecutive term shall, amongst other things, be on the basis of the performance evaluation report and approved by the Shareholders by way of a special resolution.

As on the date of this Offering Circular, our Company has nine Directors, comprising of four Executive Director and five Non-Executive Independent Directors, including one woman Independent Director, and a Non-Executive Independent Additional Director.

The following table sets forth details regarding the Board of Directors as of the date of this Offering Circular:

Name, Date of Birth, Designation, Address, Occupation, Nationality, Term, Period of Directorship and DIN	Age (years)	Other directorships
Sunil Agarwal **Date of Birth:** 7 February 1971 **Designation**: Managing Director and Chief Executive Officer **Address**: S-204 Greater Kailash, Part-2, New Delhi, Delhi -110048 **Occupation**: Business **Nationality:** Indian **Current Term**: Five years, from 20 February 2023 **Period of Directorship:** Since 5 March 1992 **DIN**: 00006991	53	**Indian Companies** • Equilibrated venture Cflow Private Limited • Pro Fitcch Private Limited • Pri Caf Private Limited • Nupur Finvest Private Limited • Radiance Techno Powers Company Private Limited • Aanjneya Motor Private Limited • RNR Automate Private Limited • SCS Education Foundation • Repartee Infrastructures Private Limited **Foreign Companies** Nil
Harish Singh **Date of Birth:** 22 November 1967 **Designation**: Executive Director and Chief Financial Officer	56	**Indian Companies** • Nupur Finvest Private Limited • Saadhvi Cinfra Projects Private Limited **Foreign Companies** Nil

Name, Date of Birth, Designation, Address, Occupation, Nationality, Term, Period of Directorship and DIN	Age (years)	Other directorships
Address: 88, Surya Nagar, Agra, Uttar Pradesh -282002 **Occupation**: Professional **Nationality:** Indian **Current Term**: Five years from 1 August 2023 **Period of Directorship:** Since 1 August 2008 **DIN**: 00039501		
Santanu Agarwal **Date of Birth:** 20 November 1996 **Designation**: Deputy Managing Director **Address**: S-204 Greater Kailash, Part-2, New Delhi, Delhi -110048 **Occupation**: Business **Nationality:** Indian **Current Term**: Five years from 6 May 2022 **Period of Directorship:** Since 6 May 2022 **DIN**: 07069797	27	**Indian Companies** • Pro Fitcch Private Limited • Pri Caf Private Limited • Equilibrated Venture Cflow Private Limited • Aanjneya Motor Private Limited • R N R Automate Private Limited • Radiance Techno Powers Company Private Limited **Foreign Companies** Nil
Anoop Krishna **Date of Birth:** 1 January 1958 **Designation**: Executive Director **Address**: Flat no 1502, Tower 5 Crescent Bay, Jerbai Wadia Road, Bhoiwada, Mahatma Phule Education Society, Parel, Mumbai, Maharashtra - 400012 **Occupation**: Ex-Banker **Nationality:** Indian **Current Term**: Three years from 23 Feb 2023 **Period of Directorship:** Since 23 February 2018 **DIN**: 0806861	66	**Indian Companies** • Finolex Cables Limited **Foreign Companies** Nil
Gauri Shankar	68	**Indian Companies** • PNC Infratech Limited

Name, Date of Birth, Designation, Address, Occupation, Nationality, Term, Period of Directorship and DIN	Age (years)	Other directorships
Date of Birth: 25 March 1956 **Designation**: Non-Executive Independent Director **Address**: Flat No J-1101, Tower J, 11th Floor, Amrapali Sapphire, Phase-1, Sector-45, Noida, Uttar Pradesh - 201301 **Occupation**: Retired Banker **Nationality:** Indian **Current Term**: Three years from 22 July 2022, not liable to retire by rotation **Period of Directorship:** Since 22 July 2017 **DIN**: 06764026		• Universal Fingrowth Private Limited • Mohit Minerals Limited • IFCI Venture Capital Funds Limited • Amir Chand Jagdish Kumar (Exports) Limited • Optiemus Infracom Limited **Foreign Companies** Nil
Raman Aggarwal **Date of Birth:** 12 March 1965 **Designation**: Non-Executive Independent Director **Address**: D-15, Ground Floor, Greater Kailash Enclave 2, Near Savitri Cinema, Greater Kailash, South Delhi – Delhi 110048 **Occupation**: Professional **Nationality:** Indian **Current Term**: Five years from 15 October 2019, not liable to retire by rotation **Period of Directorship:** Since 15 October 2019 **DIN**: 00116103	59	**Indian Companies** • Finance Industry Development Council • Association of Leasing and Financial Services Companies **Foreign Companies** Nil
Nisha Jolly **Date of Birth:** 10 May 1952 **Designation**: Non-Executive Independent Director **Address**: D-503, Kaveri Apartments, Alaknanda, Delhi-110019, Delhi, India **Occupation**: Retired Banker **Nationality:** Indian	72	**Indian Companies** • Nupur Finvest Private Limited **Foreign Companies** Nil

Name, Date of Birth, Designation, Address, Occupation, Nationality, Term, Period of Directorship and DIN	Age (years)	Other directorships
Current Term: Five years from 30 May 2020, not liable to retire by rotation **Period of Directorship:** Since 30 May 2020 **DIN**: 08717762		
Vijuy Ronjan **Date of Birth:** 24 August 1961 **Designation**: Non-Executive Independent Director **Address**: R-145 Ground Floor, GK -1, New Delhi -110048, Delhi, India **Occupation**: Retired Banker **Nationality:** Indian **Current Term**: Three years from 8 October 2021, not liable to retire by rotation **Period of Directorship:** Since 8 October 2021 **DIN**: 09345384	62	**Indian Companies** • Platinum Industries Limited • Akara Capital Advisors Private Limited • Integro Finserv Private Limited **Foreign Companies** Nil
Dharmendra Singh Gangwar **Date of Birth:** 1 July 1963 **Designation:** Non-Executive Independent Additional Director **Address:** C-8, Block-6, Shanti Path, New Moti Bagh, South Moti Bagh, South West Delhi, Delhi-110021 **Occupation:** Retired IAS Officer **Nationality:** Indian **Current Term:** Till the date of and subject to shareholders' approval upon the commencement of the next Annual General Meeting, intended to be held on 23 September 2024, or such other date as may be fixed by the Board **Period of Directorship:** Since 25 July 2024 **DIN:** 08299862	61	**Indian Companies** • Duncan Engineering Limited **Foreign Companies** Nil

Brief profiles of our Directors

Sunil Agarwal is the Managing Director and Chief Executive Officer and has been associated with our Company since 5 March 1992, as one of its original Promoter. He holds a bachelor of commerce degree from Bhimrao Ambedkar University, Agra.

Harish Singh is Executive Director and Chief Financial Officer and has been associated with our Company since 1 August 2008, when he had joined the Company's Board of Directors as an additional director. He has bachelor's and master's degrees in commerce from Dr. Bhimrao Ambedkar University, Agra and is a fellow of the Institute of Chartered Accountants of India.

Santanu Agarwal is the Deputy Managing Director of the Company and has been associated with our Company since 1 December 2017. He holds a bachelor's degree in commerce and a bachelor's degree in laws, both from Amity University, Noida. He has formerly been our Company's Chief Innovation Officer.

Anoop Krishna is Executive Director of the Company and has been associated with our Company since 23 February 2018. He is a graduate and, prior to joining our Company, he retired as CGM (MCA-III) in the State Bank of India on 31 December 2017.

Gauri Shankar is a Non-Executive Independent Director of the Company and has been associated with our Company since 22 July 2017. He holds a bachelor's degree in science and a bachelor's degree in commerce, both from the University of Delhi, and has completed Part-I of the Associate Examination of the Indian Institute of Bankers. Prior to joining our Company, he has been the Managing Director and Chief Executive Officer (Additional Charge) of Punjab National Bank in 2015 and has previously worked for the Bank of India as General Manager. He has been the Non-Executive Chairman of Punjab National Bank International Limited, and has been a director in PNB Housing Finance Limited, PNB Gilts Limited and JSC SB PNB Kazakhstan.

Nisha Jolly is a Non-Executive Independent Director of the Company and has been associated with our Company since 30 May 2020. She holds a bachelor's degree in science degree from the University of Delhi, a master of science degree with majors in genetics from the Govind Ballabh Pant University of Agriculture and Technology, and completed Part-I of the Associate Examination of the Indian Institute of Bankers. Prior to joining our Company, she superannuated as Chief Manager in the Punjab National Bank in 2012.

Vijuy Ronjan is a Non-Executive Independent Director of the Company and has been associated with our Company since 8 October 2021. He holds a bachelor's degree in arts with honours from Patna College, Patna University. Prior to joining our Company, he was Chief General Manager at the State Bank of India.

Raman Aggarwal is a Non-Executive Independent Director of the Company and has been associated with our Company since 15 October 2019. He has a master's degree in urban planning from School of Planning & Architecture, New Delhi and bachelor of civil engineering from Thapar Institute of Engineering and Technology, Patiala. He also has undertaken a special training. programme for the personnel of non-banking finance companies at RBI College of Agricultural Banking, Pune.

Dharmendra Singh Gangwar is a Non-Executive Independent Additional Director of the Company and has been associated with our Company since 25 July 2024. He holds a MBBS degree from King George's Medical College, Lucknow. He is a former Indian Administrative Service officer, who retired as Secretary to the Government of India.

Relationship between Directors

Except as stated below, none of our Directors are related to each other:

1. Sunil Agarwal, Managing Director and Chief Executive Officer of the Company, is the father of Santanu Agarwal, Deputy Managing Director

Borrowing powers of our Board

In accordance with the Articles of Association and pursuant to a resolution passed by the Shareholders of our Company on 30 August 2024, provided that the total amount of money/monies so borrowed by our Board shall not at any time exceed the limit of ₹9,00,000 lakhs.

Interest of our Directors and Promoters

All our Directors and Promoters may be deemed to be interested to the extent of the remuneration, fees and compensation payable to them for attending meetings of our Board or committees thereof, as well as to the extent of reimbursement of expenses payable to them.

All of our Directors may also be regarded as interested in any Equity Shares held by them and also to the extent of any dividend payable to them and other distributions in respect of such Equity Shares held by them. All Directors may also be regarded as interested in the Equity Shares held by, or subscribed by and allotted to, their relatives or the companies, firms and trust, in which they are interested as directors, members, partners, and trustees.

Except as provided in the section entitled Related Party Transaction under "*Financial Statements*", we have not entered into any contract, agreement or arrangement during the three Fiscals immediately preceding the date of this Offering Circular in which any of our Directors are interested, directly or indirectly, and no payments have been made to them in respect of any such contracts, agreements, arrangements which are proposed to be made with them. For further details relating to contracts, agreements or arrangements entered into by our Company during the last three Fiscals, in which the Directors are interested directly or indirectly and for payments made to them in respect of such contracts, agreements or arrangements and for other interest of Directors in respect to the related party transactions, during the last three Fiscals, see section entitled Related Party Transaction under "*Financial Statements*".

Other than Sunil Agarwal who is the Promoter of our Company, none of our Directors have any interest in the promotion of our Company.

None of the Directors and Promoters of our Company have any financial or other material interest in this Issue.

Our Directors have not taken any loans from our Company.

Shareholding of Directors and Promoters

As per our Articles of Association, our Directors are not required to hold any qualification shares.

Except as set out below, none of our Directors and Promoters hold any Equity Shares in our Company as on the date of this Offering Circular

Sl. No.	Name	Designation	Number of Equity Shares	Percentage of issued and paid-up capital (%)
1.	Sunil Agarwal	Managing Director and Chief Executive Officer	10,57,02,800	11.77%#
2.	Santanu Agarwal	Deputy Managing Director	3,37,04,000	3.75%#
3.	Vijuy Ronjan	Non-Executive Independent Director	2200	Negligible

 # Note: 26,86,15,900 *number of shares underlie depository receipts and do not carry voting rights. Therefore, in terms of SEBI circular CIR/CFD/CMD/13/2015 dated 30 November 2015, the percentage of shareholding amounts to 11.77%, and 3.75 while on NSE and BSE the percentage of shareholding is calculated as per the Securities Contracts (Regulation) Rules, 1957, and amounts to 16.79% and 5.35 respectively as on 30 September 2024.*

Terms of Appointment of our Executive Directors

Sunil Agarwal

Sunil Agarwal is the *Managing Director and Chief Executive Officer* of our Company. His remuneration was approved vide NRC resolution dated 10 February 2023, Board resolution dated 10 February 2023 and Shareholder's resolution dated 5 May 2023, in pursuance of which the Company and him entered into an agreement for his terms of appointment dated 10 February 2023. The details of remuneration governing his appointment are as stated below:

S. No.	Particulars	Remuneration (In ₹)
1.	Remuneration	Basic Salary of ₹43.20 lakhs per month aggregating to ₹518.40 lakhs per annum
2.	Benefits	1. The Company shall reimburse actual traveling expenses incurred by him in connection with the company's business. 2. In the event of inadequacy or absence of profits during the duration of the agreement, he shall be entitled to the remuneration stated herein and where applicable the same shall be subject to the approval of the shareholders. 3. He shall not be entitled to any sitting fees for attending the meeting of the Board of Directors or Committee thereof.
3.	Commission	Nil

Harish Singh

Harish Singh is the Executive Director and Chief Financial Officer of our Company. His remuneration was approved vide NRC resolution dated 10 February 2023, Board resolution dated 10 February 2023 and Shareholder's resolution dated 5 May 2023, in pursuance of which the Company and him entered into a written memorandum setting out the terms of the contract of employment dated 1 August 2023. The details of remuneration governing his appointment are as stated below:

S. No.	Particulars	Remuneration (In ₹)
1.	Remuneration	Basic Salary of ₹ 3.69 lakhs per month aggregating to ₹44.28 lakhs per annum
2.	Benefits	1. House Rent allowance of ₹ 81,720 per month. 2. Company's contribution to Provident Fund ₹ 44,280/- per month. 3. He will be entitled for such increments from time to time as decided by the Nomination and Remuneration Committee and the Board of Directors of the Company, subject to Schedule V of Companies Act, 2013. 4. In the event of in adequacy or absence of profits during the currency of his tenure, he shall be entitled to the remuneration herein provided, subject to Schedule V of Companies Act, 2013. 5. Provision for use of the Company's car for official duties shall not be included in the computation of perquisites for the purpose of calculating the limits specified in Schedule V of the Companies Act, 2013. 6. He shall be entitled to compensation for loss of office in accordance with the provisions of the Act, if at any time his office is determined before the expiry of his term of office. 7. He shall not be entitled to any sitting fees for attending the meeting of the Board of Directors or Committee thereof.
3.	Commission	Nil

Santanu Agarwal

Santanu Agarwal is the Deputy Managing Director of our Company. His remuneration was approved vide NRC resolution dated 6 May 2022, Board resolution dated 6 May 2022 and Shareholder's resolution dated 10 June 2022, in pursuance of which the Company and him entered into an agreement for his terms of appointment dated 6 May 2022. The details of remuneration governing his appointment are as stated below:

S. No.	Particulars	Remuneration (In ₹)
1.	Remuneration	Remuneration, by way of salary, perquisites, incentives and allowances, and commission, of ₹180.00 lakhs per year
2.	Benefits	1. Company's contribution to provident fund, superannuation fund or annuity fund as per rules of the Company to the extent these either singly or put together are not taxable under the Income Tax Act, 1961. 2. Company's contribution to gratuity or gratuity fund as per the rules of the Company. 3. The Company shall reimburse actual traveling expenses incurred by him in connection with the company's business. 4. In the event of inadequacy or absence of profits during the duration of the agreement, he shall be entitled to the remuneration stated herein and where applicable the same shall be subject to the approval of the shareholders. 5. He shall not be entitled to any sitting fees for attending the meeting of the Board of Directors or Committee thereof.
3.	Commission	Nil

Anoop Krishna

Anoop Krishna is an Executive Director our Company. His remuneration was approved vide NRC resolution dated 10 February 2023, Board resolution dated 10 February 2023 and Shareholder's resolution dated 5 May 2023, in pursuance of which the Company and him entered into a written memorandum setting out the terms of the contract of employment dated 5 May 2023. The details of remuneration governing his appointment are as stated below:

S. No.	Particulars	Remuneration (In ₹)
1.	Remuneration	Basic Salary of ₹3.52 lakhs per month aggregating to ₹42.24 lakhs per annum
2.	Benefits	1. Conveyance and other allowance ₹ 66,000/- per month. 2. He will be entitled for such increments from time to time as decided by the Nomination and Remuneration Committee and the Board of Directors of the Company, subject to Schedule V of Companies Act, 2013. 3. In the event of in adequacy or absence of profits during the currency of his tenure, he shall be entitled to the remuneration herein provided, subject to Schedule V of Companies Act, 2013. 4. In the event of inadequacy or absence of profits during the duration of the agreement, he shall be entitled to the remuneration stated herein and where applicable the same shall be subject to the approval of the shareholders.
3.	Commission	Nil

Remuneration of the Executive Directors

Set out below are the details of the remuneration paid to our Executive Directors for Fiscal 2024, Fiscal 2023, and Fiscal 2022:

(in ₹lakhs)

Name of Director	Six Months Ended 30 September 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Sunil Agarwal	196.80	393.60	405.85	435.60
Harish Singh	20.90	33.00	33.00	33.00
Santanu Agarwal#	90.00	180.00	164.32*	N.A.
Anoop Krishna	23.56	45.60	39.60	39.60

#Appointed as Deputy Managing Director of the Company w.e.f. 6 May 2022
*Includes remuneration paid as CIO of the Company till 6 May 2022.

Remuneration of the Non-Executive Directors

The remuneration paid to the Non-Executive Directors, including Independent Directors, by way of sitting fees is ₹25,000 per meeting for attending Board Meetings and ₹15000 per meeting for attending meetings of the committees of the Board as authorized vide board resolution dated 30 January 2018. The following table sets forth the sitting fees paid by our Company to Non-Executive Directors, including Independent Directors, for the six months ended 30 September 2024, Fiscal 2024, Fiscal 2023 and Fiscal 2022:

(in ₹lakhs)

Name	Six Months Ended 30 September 2024	Fiscal 2024	Fiscal 2023	Fiscal 2022
Gauri Shankar	1.35	2.85	3.30	3.45
Raman Aggarwal	1.05	2.25	2.15	2.40
Nisha Jolly	0.90	1.50	1.80	1.55
Vijuy Ronjan	1.35	2.40	1.95	1.00
D S Gangwar	0.25	-	-	-
N K Jain	1.35	2.70	2.55	2.10

None of our Directors have received any commission or perquisites in last three Financial Years.

Key Managerial Personnel

In addition to Sunil Agarwal, our Managing Director and Chief Executive Officer, Santanu Agarwal, our Deputy Managing Director, Harish Singh, our Executive Director and Chief Financial Officer, and Anoop Krishna, our Executive Director, each of whose details are set out in "Brief profiles of our Directors", the brief profiles of our Key Managerial Personnel are given below:

Manendra Singh, Company Secretary and Compliance Officer

He is a Fellow Member of the Institute of Company Secretaries of India. He has completed his post-graduation in commerce in 2005 and law graduation in 2008 from Dr. Bhimrao Ambedkar University, Agra and Post Graduate Diploma in Business Administration (with a specialization in finance) from Symbiosis Centre for Distance Learning. He has more than 14 years of secretarial and legal experience. He has been associated with the Company since the last 5 years. He was formerly associated with S.E. Power Limited as company secretary and compliance officer.

Relationship of Key Managerial Personnel

Except as disclosed in "*Relationship between Directors*" above, none of our Key Managerial Personnel are related to each other.

Shareholding of Key Managerial Personnel

Except as disclosed below and in "*Shareholding of Directors*" above, as of the date of this Offering Circular, none of our Key Managerial Personnel hold any Equity Shares in our Company.

Sr. No.	Name	Number of Equity Shares held	Percentage of the issued and paid-up Equity Share capital (in %)
1.	Manendra Singh	00	0.00

Interest of our Key Managerial Personnel

None of the Key Managerial Personnel or Senior Management have any interest in our Company other than to the extent of the remuneration or benefits to which they are entitled to as per their terms of appointment.

Except as disclosed in "*Terms of Appointment of our Executive Director*" above, our Company does not have any bonus or profit-sharing plan with its Directors or Key Managerial Personnel.

Senior Management

In addition to the Key Managerial Personnel whose details are mentioned in "*Key Managerial Personnel*" above, set our below are the details of our Senior Management as on the date of this Offering Circular:

Sr. No.	Name	Designation
1.	Anurag Sinha	Chief Operating Officer and Chief Information and Security Officer
2.	Gaurav Chaubey	Chief Risk Officer
3.	Samresh Agarwal	Chief Recovery Officer
4.	B.V.S.K.T. Bhaskar	Senior Vice President- Business
5.	Sushant Sharma	Executive Vice President- Information Technology
6.	Nishtha Sharma	Vice President-Marketing
7.	Mithun Rathore	Vice President- Legal
8.	Rajeev Seth	Strategy Head

Shareholding of Senior Management

Except as disclosed below, as of the date of this Offering Circular, none of our Senior Management hold any Equity Shares in our Company:

Sr. No.	Name	Number of Equity Shares held	Percentage of the issued and paid-up Equity Share capital (in %)
1.	Anurag Sinha	0	0.00
2.	Gaurav Chaubey	200	(0.00)
3.	Samresh Agarwal	6000	(0.00)
4.	B.V.S.K.T. Bhaskar	1900	(0.00)
5.	Sushant Sharma	0	0.00
6.	Nishtha Sharma	0	0.00
7.	Mithun Rathore	0	0.00
8.	Rajeev Seth	0	0.00

Profile of Senior Management

Anurag Sinha is the Chief Operating Officer and Chief Information and Security Officer of the Company. He holds a bachelor degree in commerce. He is associated with the Company for more than 15 years and looking after the day-to-day operations of the Company.

Gaurav Chaubey is the Chief Risk Officer of the Company. He holds a Masters' Degree in Management Science with specialization in Finance and Marketing from Motilal Nehru National Institute of Technology Allahabad. He is having more than 17 years of experience in the Banking industry. He started his career with ICICI Bank and has worked in different functions with the bank. He has been associated with the Company for more than 10 years and is instrumental in setting up the Mumbai office.

Samresh Agarwal is the Chief Recovery Officer of the Company**.** A Graduate from Agra University having experience of more than 25 years in financing towards distribution of loans like personal loans, business loans to mid-size corporate, real estate and educational institutes. He has comprehensive experience in credit analysis, team management, operation, accounting and managing branch operations. He is experienced in taking care of collections and legal matters, streamlining the workflow and implementing systems for augmenting profitability and efficiency.

B.V.S.K.T. Bhaskar is the Senior Vice President Business. He is having 36 Years of experience in retail and development banking with domain expertise in retail banking, digital banking, marketing, credit, and operational risk management, managing stressed assets and resolution. Currently, he is associated with the Company as Senior Vice President (Retail) & is responsible for cross-selling activities with CSP and audit functions of BC.

Sushant Sharma is the Executive Vice President-IT. He is an experienced head of information technology with a demonstrated history of working in the leisure, travel & tourism, infrastructure, power and finance industry. His skills are Microsoft tech stack, AWS, SQL Server Reporting Services, team building, technical recruiting, management, and front-end tech. He has overall experience of more than 15 years and has started his career with Reliance in Mumbai. Working with our Company for last more than 2 years, he takes care of entire software development, integrity management, cyber security and server management.

Nishtha Sharma is the Vice President-Marketing. She has a proven track record of growing and scaling brands to drive business growth and increase brand awareness. She has worked with reputable brands across diverse industries, and have started her marketing journey at PepsiCo's brand Pepsi. In addition to that she has contributed to marketing campaigns for brands such as Google, Nescafe, and Whirlpool. Currently, she holds the position of VP Marketing of the Company, where she continues to leverage her skills and experience to drive the Company's marketing initiatives and further elevate its brand presence.

Mithun Rathore is the Vice President- Legal. He is a seasoned in-house counsel with over 15 years of experience in providing expert legal counsel in banking and finance sector. Specializing in arbitration, insolvency and distress asset resolution, he has successfully executed multiple complex legal transactions. He is a law graduate of Campus Law Centre, University of Delhi. Earlier, he has worked with Alchemist Asset Reconstruction Co. (AARC) and Encore Asset Reconstruction Co. Pvt. Ltd. (EARC) and have handled their acquisition and resolution aspects.

Rajeev Seth is the Strategy Head. He has completed his bachelor in science in 1995 and thereafter MBA in 2007 in marketing & finance from CSJM University, Kanpur. He has worked as Regional Business Head with Magma Fincorp ltd. He has 25 plus years of rich experience in strategy planning, operations management, business development, marketing, channel management, credit management and receivable management in NBFC.

Corporate governance

The Board of Directors presently consists of nine directors. In compliance with the requirements of the SEBI Listing Regulations, the Board of Directors has five Independent Directors including one woman independent director. Our Company is in compliance with the corporate governance requirements including the constitution of Board and committees thereof, as prescribed under the Companies Act and SEBI Listing Regulations.

Committees of the Board of Directors

The Board of Directors have constituted committees, which function in accordance with the relevant provisions of the Companies Act and the SEBI Listing Regulations. The following table sets forth the members of the aforesaid committees as of the date of this Offering Circular:

Committee	**Members**
Audit Committee	Gauri Shankar (Chairman), Harish Singh, Vijoy Ronjan
Nomination and Remuneration Committee	Raman Aggarwal (Chairman), Nisha Jolly, Dharmendra Singh Gangwar
Stakeholders' Relationship Committee	Dharmendra Singh Gangwar (Chairman), Raman Aggarwal, Vijuy Ronjan
Corporate Social Responsibility Committee	Harish Singh (Chairman), Sunil Aggarwal, Vijuy Ronjan
Risk Management Committee	Gauri Shankar (Chairman), Harish Singh, Santanu Agarwal, Gaurav Chaubey
Fraud Monitoring Committee	Dharmendra Singh Gangwar (Chairman), Raman Aggarwal, Sunil Agarwal, Harish Singh

Other confirmations

Except as disclosed in this Offering Circular, and except to the extent of shareholding in our Company, our Directors, Promoters, Key Managerial Personnel or Senior Management do not have any financial or other material interest in the Issue and there is no effect of such interest in so far as it is different from the interests of other persons.

All our Key Managerial Personnel and Senior Management are permanent employees of our Company.

Our Promoters, Directors and Key Managerial Personnel do not intend to subscribe to the Issue and will not participate in the Issue.

Neither our Company, nor any of our Directors or Promoters have been categorized as a Willful Defaulter or Fraudulent Borrower by any bank or financial institution (as defined under the Companies Act, 2013) or consortium thereof, in accordance with the guidelines on willful defaulters and fraudulent borrowers issued by the Reserve Bank of India. Further, none of our Company, Directors or Promoters have been categorized as a fraudulent borrower as defined under Regulation 2(1)(lll) of the SEBI ICDR Regulations.

Neither our Company, nor our Directors or Promoters have been debarred from accessing capital markets under any offence under any order or direction made by SEBI.

None of our Directors or Promoters have been declared as a Fugitive Economic Offender.

Except as disclosed in section - 'Capital Structure', as on the date of this Offering Circular, there are no outstanding stock option plan or scheme of the Company.

No change in control in our Company will occur consequent to the Issue.

Policy on disclosures and internal procedure for prevention of insider trading

Chapter IV of the SEBI Insider Trading Regulations applies to our Company and its employees and requires our Company to implement codes of fair disclosure and conduct for the prevention of insider

trading. In compliance with the SEBI Insider Trading Regulations, our Company has in place a comprehensive Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information Code of Conduct to Regulate, Monitor and Report Trading by Insiders. The aforementioned Code is posted on the website of our Company at the link: *www.paisalo.in.*

Related Party Transactions

For details in relation to the related party transactions entered by our Company during the last three Financial Years, immediately preceding the year of circulation of this Offering Circular, please see our Financial Statements included elsewhere in this Offering Circular.

ORGANISATIONAL STRUCTURE

CORPORATE HISTORY

Our Company was incorporated in the name of S.E. Investments Private Limited under the Companies Act, 1956 pursuant to a certificate of incorporation dated 5 March 1992 issued by the Registrar of Companies, Uttar Pradesh at Kanpur ("**RoC, Kanpur**"). The Company was converted into a limited company pursuant to a fresh certificate of incorporation dated 1 March 1995 issued by RoC, Kanpur. The Registered Office of the Company was shifted to the State of Delhi vide order dated 22 May 2003 issued by the Registrar of the Companies, NCT of Delhi and Haryana ("**RoC, Delhi**"). The name of the Company was subsequently changed to Paisalo Digital Limited pursuant to a fresh certificate of incorporation dated 18 January 2018 issued by RoC, Delhi. The Corporate Identity Number of our Company is L65921DL1992PLC120483. Our Company is registered as an NBFC with RBI having registration number B-14.02997.

List of Subsidiaries

Nupur Finvest Private Limited: Nupur Finvest Private Limited has been incorporated on 31 July 1995 under the Companies Act, 1956 and has its registered office at 101, CSC, Pocket-52, CR Park, Near Police Station, New Delhi-110019. Nupur Finvest is Non-Banking Financial Company and registered with Reserve Bank of India and is in the business of lending and advances. As on date, the authorised capital of Nupur Finvest Private Limited is INR 100 million divided into 10,000,000 equity shares of Rs. 10 each and paid-up capital is INR 53.696 million divided into 5,369,550 equity shares of Rs. 10 each. Nupur Finvest Private Limited is the wholly-owned subsidiary of our Company.

Nupur Finvest has reserves and surplus of Rs.524.71 million as on 30 September 2024 with a PAT of Rs.7.96 million for the six month ended 30 September 2024. The subsidiary company has not declared any dividend for the preceding financial year.

As at 30 September 2024, the Company has given an unsecured loan of Rs. Nil to Nupur Finvest Private Limited.

List of Associate Companies

As on the date of this Offering Circular, our Company does not have any Associate Company.

SHAREHOLDING PATTERN OF OUR COMPANY

The Company's principal Shareholders as at 30 September 2024 who are holding more than 1% of the paid-up capital of the Company are:

S. No.	Name of Shareholder	No. of Shares	%*
1	Equilibrated Venture Cflow Private Limited	13,67,41,667	21.72
2	Sunil Agarwal	10,57,02,800	16.79
3	SBI Life Insurance Co. Ltd	6,24,14,495	9.92
4	Santanu Agarwal	3,37,04,000	5.35
5	Antara India Evergreen Fund Ltd	1,53,64,968	2.44
6	Pri Caf Private Limited	2,40,48,400	3.82
7	Pro Fitcch Private Limited	2,23,21,220	3.55
8	Zeal Professional Services Private Limited	2,10,78,520	3.35
9	Nimisha Pandey	1,03,00,476	1.64
10	Eastern Star Infradev Private Limited	89,45,790	1.42
11	Life Insurance Corporation of India	84,73,644	1.35
12	State Bank of India	77,29,786	1.23
13	Suneeti Agarwal	71,66,000	1.14
	TOTAL	**46,39,91,766**	**73.72**

***shareholding % calculated as per SCRR, 1957**

Shareholding Pattern

The table below sets forth the shareholding pattern of the equity share capital of Company as on 30 September 2024:

S. No.	Category	No. of Shareholders	No. of Shares Underlying Deposited Receipts	No. of Shares held	% of total number of shares	Number of Locked in Shares		Number of Shares held in dematerialised form		Number of Shares pledged or otherwise encumbered	
						No. of Shares	As % of total number of shares held	No. of Shares	% of total number of shares	No. of Shares	% of total number of shares
(A)	**Shareholding of Promoter and Promoter Group**										
(1)	**Indian**										
(a)	Individuals/ Hindu Undivided Family	3	-	14,65,72,800	23.29	-	-	14,65,72,800	23.29	-	-
(b)	Central Government/ State Government(s)	-	-	-	-	-	-	-	-		
(c)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-	-
(d)	Any other (specify)	3	-	18,31,11,287	29.09	5,22,00,000	28.51	18,31,11,287	29.09	5,87,75,000	9.34
	Sub – Total (A) (1)	***6***		***32,96,84,087***	***52.38***	***5,22,00,000***	***28.51***	***32,96,84,087***	***52.38***	***5,87,75,000.00***	***9.34***
(2)	**Foreign**								-		-
(a)	Individuals (Non-Resident/ Individuals/Foreign Individuals)	-		-	-	-	-	-	-	-	-
(b)	Government	-		-	-	-	-	-	-	-	-
(c)	Institutions	-		-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investor	-		-	-	-	-	-	-	-	-
(e)	Any other (specify)	-		-	-	-	-	-	-	-	-
	Sub – Total (A) (2)	***-***		***-***	***-***					***-***	***-***
	Total shareholding of Promoter and Promoter Group (A) = (A) (1) + (A) (2)	***6***		***32,96,84,087***	***52.38***	***5,22,00,000***	***28.51***	***32,96,84,087***	***52.38***	***5,87,75,000.00***	***9.34***
(B)	**Public shareholding**										

S. No.	Category	No. of Shareholders	No. of Shares Underlying Deposited Receipts	No. of Shares held	% of total number of shares	Number of Locked in Shares		Number of Shares held in dematerialised form		Number of Shares pledged or otherwise encumbered	
						No. of Shares	As % of total number of shares held	No. of Shares	% of total number of shares	No. of Shares	% of total number of shares
(1)	**Institutions (Domestic)**										
(a)	Mutual Funds	3		12,32,436	0.20	-	-	12,32,436	0.20	-	-
(b)	Venture Capital Funds	-		-	-	-	-	-	-	-	-
(c)	Alternate Investment Funds	-		-	-	-	-	-	-	-	-
(d)	Banks	1		77,29,786	1.23	-	-	77,29,786	1.23	-	-
(e)	Insurance Companies	2		7,08,88,139	11.26	-	-	7,08,88,139	11.26	-	-
(f)	Provident Funds/ Pension Funds	-		-	-	-	-	-	-	-	-
(g)	Asset reconstruction companies	-		-	-	-	-	-	-	-	-
(h)	Sovereign Wealth Funds	-		-	-	-	-	-	-	-	-
(i)	NBFCs registered with RBI	-			-	-	-	-	-	-	-
(j)	Other Financial Institutions	-		-	-	-	-	-	-	-	-
(k)	Any Other (specify)	-		-	-	-	-	-	-	-	-
	Sub – Total (B) (1)	***6***		***7,98,50,361***	***12.69***	**-**	**-**	***7,98,50,361***	***12.69***	**-**	**-**
(2)	**Institutions (Foreign)**										
(a)	Foreign Direct Investment	-		-	-	-	-	-	-	-	-
(b)	Foreign Venture Capital Investors	-		-	-	-	-	-	-	-	-
(c)	Sovereign Wealth Funds	-		-	-	-	-	-	-	-	-
(d)	Foreign Portfolio Investors Category I	87		6,47,52,809	10.29	-	-	6,47,52,809	10.29	-	-
(e)	Foreign Portfolio Investors Category II	8		27,24,108	0.43	-	-	27,24,108	0.43	-	-
(f)	Overseas Depositories (holding DRs) (balancing figure)	-		-	-	-	-	-	-	-	-
(g)	Any Other (specify)				-	-	-	-	-	-	-
	Sub – Total (B) (2)	***95***		***6,74,76,917***	***10.72***	**-**	**-**	***6,74,76,917***	***10.72***	**-**	**-**

S. No.	Category	No. of Shareholders	No. of Shares Underlying Deposited Receipts	No. of Shares held	% of total number of shares	Number of Locked in Shares		Number of Shares held in dematerialised form		Number of Shares pledged or otherwise encumbered	
						No. of Shares	As % of total number of shares held	No. of Shares	% of total number of shares	No. of Shares	% of total number of shares
(3)	**Central Government / State Government**										
(a)	Central Government / President of India	-		-	-	-	-	-	-	-	-
(b)	State Government / Governor	-		-	-	-	-	-	-	-	-
(c)	Shareholding by Companies or Bodies Corporate where Central / State Government is a promoter	-		-	-	-	-	-	-	-	-
	Sub – Total (B) (3)	-		-	-	-	-	-	-	-	-
(4)	**Non-Institutions**										
(a)	Associate companies / Subsidiaries				-	-	-	-	-	-	-
(b)	Directors and their relatives (excluding independent directors and nominee directors)	-		-	-	-	-	-	-	-	-
(c)	Key Managerial Personnel	-		-	-	-	-	-	-	-	-
(d)	Relatives of promoters (other than ‘immediate relatives’ of promoters disclosed under ‘Promoter and Promoter Group’ category)	-		-	-	-	-	-	-	-	-
(e)	Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	-		-	-	-	-	-	-	-	-

S. No.	Category	No. of Shareholders	No. of Shares Underlying Deposited Receipts	No. of Shares held	% of total number of shares	Number of Locked in Shares		Number of Shares held in dematerialised form		Number of Shares pledged or otherwise encumbered	
						No. of Shares	As % of total number of shares held	No. of Shares	% of total number of shares	No. of Shares	% of total number of shares
(f)	Investor Education and Protection Fund (IEPF)	1		11,740	0.00	-	-	11,740	0.00	-	-
(g)	Resident Individuals holding nominal share capital up to Rs. 2 lakhs	69,627		4,89,75,978	7.78	-	-	4,89,75,968	7.78	-	-
(h)	Resident Individuals holding nominal share capital in excess of Rs. 2 lakhs	30		1,47,69,496	2.35	-	-	1,47,69,496	2.35	-	-
(i)	Non Resident Indians (NRIs)	520		1,28,19,666	2.04	-	-	1,28,19,666	2.04	-	-
(j)	Foreign Nationals	-		-	-	-	-	-	-	-	-
(k)	Foreign Companies	-		-	-	-	-	-	-	-	-
(l)	Bodies Corporate	203		6,84,41,285	10.87	-	-	6,84,41,285	10.87	-	-
(m)	Any Other (specify)	849		73,98,550	1.18	-	-	73,98,550	1.18	-	-
	Sub - Total (B) (4)	***71,230***		***15,24,16,715***	***24.22***			***15,24,16,705***	***24.22***	**-**	**-**
	Total Public Shareholding (B) = (B) (1) + (B) (2) + (B) (3) + (B) (4)	***71,331***		***29,97,43,993***	***47.62***	**-**	**-**	***29,97,43,983***	***47.62***	**-**	**-**
(C)	**Statement showing shareholding pattern of the Non Promoter -Non Public Shareholders**										
(1)	Custodian/DR Holder - Name of DR Holders (If Available)	1	26,86,15,900	26,86,15,900	-	-	-	26,86,15,900	-	-	-
(2)	Employee Benefit Trust / Employee Welfare Trust under SEBI (Share Based Employee Benefits and Sweat Equity) Regulations, 2021	-		-	-	-	-	-	-	-	-

S. No.	Category	No. of Shareholders	No. of Shares Underlying Deposited Receipts	No. of Shares held	% of total number of shares	Number of Locked in Shares		Number of Shares held in dematerialised form		Number of Shares pledged or otherwise encumbered	
						No. of Shares	As % of total number of shares held	No. of Shares	% of total number of shares	No. of Shares	% of total number of shares
	Total Non Promoter-Non Public Shareholding (C) = (C) (1) + (C) (2)	***1***	***26,86,15,900***	***26,86,15,900***	**-**	**-**	**-**	***26,86,15,900***	**-**	**-**	**-**
	GRAND TOTAL (A) + (B) + (C)	**71,338**	**26,86,15,900**	**89,80,43,980**	**100.00**	**5,22,00,000**	**5.81**	**89,80,43,970**	**100.00**	**5,87,75,000**	**9.34**

Note- **shareholding % calculated as per SCRR, 1957**

As far as known to the Company, except promoters, no natural or legal persons indirectly, severally or jointly, exercise or could exercise control over the Company and apart from the promoters, no person directly or indirectly, hold 10% or more of its capital.

Any company in which the Company has a direct or indirect holding of more than 50% has not acquired or holds any shares of the Company.

The detail of the promoter and promoter group who directly or indirectly, exercise or could exercise the control over the Company is given as under:

S. No.	Name of Shareholder	No. of Shares	%
1	Equilibrated Venture Cflow Private Limited	13,67,41,667	21.72
2	Sunil Agarwal	10,57,02,800	16.79
3	Santanu Agarwal	3,37,04,000	5.35
4	Pri Caf Private Limited	2,40,48,400	3.82
5	Pro Fitcch Private Limited	2,23,21,220	3.55
6	Suneeti Agarwal	71,66,000	1.14
	TOTAL	**32,96,84,087**	**52.38**

Note- shareholding % calculated as per SCRR, 1957

Build-up of Authorised and Issued Share Capital of the Company:
Authorised Share Capital

S. No.	Particulars of Increase	Date of Meeting	Nature of Meeting
1	Rs.2 million	Since incorporation	
2	From Rs.2 million to Rs.15 million	30 December 1994	EGM
3	From Rs.15 million to Rs.35 million	1 April 1995	EGM
4	From Rs.35 million to Rs.60 million	29 December 2008	EGM
5	From Rs.60 million to Rs.85 million	4 November 2009	Pursuant to Scheme of Amalgamation of Unnati Financial Services Private Limited
6	From Rs.85 million to Rs.1250 million	15 January 2010	EGM
7	From Rs. 1250 million to Rs.1800 million	30 August 2024	Postal Ballot

Issued Share Capital

The following are the particulars of the changes affecting the issued and paid-up equity share capital of the Company as available –

Date of Allotment	No. of Shares allotted	Face Value (Rs.)	Issue Price (Rs.)	Consideration	Nature of Issue
05-Mar-92	20	100	100	Cash	Issued to the subscriber of the Memorandum
30-Mar-93	200	10	NA	NA	Sub-Division of shares into Rs.10 each
30-Mar-94	63,800	10	10	Cash	Preferential Issue/Private Placement
30-Nov-94	1,35,310	10	10	Cash	Preferential Issue/Private Placement
31-Dec-94	1,55,000	10	10	Cash	Preferential Issue/Private Placement
18-Feb-95	8,45,690	10	10	Cash	Preferential Issue/Private Placement
15-Apr-95	4,50,000	10	10	Cash	Preferential Issue/Private Placement
10-Apr-96	15,02,500	10	10	Cash	Public Issue

14-Mar-05	-12,500		10	NA	Forfeited
04-Nov-09	21,00,000	10	10	NA	Issue pursuant to Scheme of Amalgamation-Unnati Finance into Company
10-Mar-10	49,00,000	10	10	Cash	Issue to Custodian for GDRs
06-Apr-10	5,07,00,000	2	NA	NA	Sub-Division of shares into Rs.2 each
20-May-10	15,21,00,000	2	2	NA	Bonus issue
01-Nov-10	40,56,00,000	1	NA	NA	Sub-Division of shares into Rs.1 each
05-Oct-11	4,05,60,000	10	NA	NA	Consolidation of shares into Rs.10 each
27-Jun-19	17,32,199	10	316	NA	Share of Rs.10 each Issued pursuant to Scheme of Amalgamation of Agarwal Meadows Merger into Company
14-Mar-22	8,10,000	10	705	Cash	Share of Rs.10 each Issued pursuant to Conversion of Share Warrants
25-Mar-22	8,10,000	10	705	Cash	Share of Rs.10 each Issued pursuant to Conversion of Share Warrants
01-Jul-22	43,91,21,990	1	NA	NA	Sub-Division of shares into Rs.1 each
03-Sep-22	85,55,000	1	71	Cash	Share of Rs.1 each Issued pursuant to Conversion of Share Warrants
12-Sep-22	13,45,000	1	71	Cash	Share of Rs.1 each Issued pursuant to Conversion of Share Warrants
21-Mar-24	44,90,21,990	1	1	NA	Bonus Issue in 1:1 ratio
Total	**89,80,43,980**				

Information on the Company's Share Capital as on 30 September 2024:

Share Capital	**Rs.**
Authorised Share Capital:	
1,200,000,000 Equity Shares of Re.1 each	1750,000,000
5,000,000 Preference Shares of Rs.10 each	50,000,000
Issued, Subscribed and Paid-up Capital:	
89,80,43,980 Equity Shares of Re.1 per Share fully paid up	898,043,980
Add: Share Forfeited a/c	62,500
(Amount originally Paid up @ Re 0.50 each on 125,000 Equity Shares of Re. 1 each)	

Information concerning the Company's shares

1 In the preceding financial year and in the current financial year, there has been –
   a) Neither a takeover or exchange offer by a third party in respect of the Company's shares;
   b) Nor the Company has made a takeover or exchange offer in respect of any other company's shares.

2 The Company has not issued either to the public or for private placement, any share of the same class or other classes simultaneously with the issue of shares in terms of this Offering Circular.

DESCRIPTION OF THE SHARES

Set forth below is certain information relating to the Company's share capital, including brief summaries of certain provisions of the Company's Memorandum and Articles of Association, the Companies Act, the Securities Contracts (Regulation) Act, 1956 and certain related legislation of India, all as currently in effect relating to the rights attached to the Shares. All disclosures of provisions of the Companies Act in this section refer to the newly notified provisions under the Companies Act, 2013 unless specifically stated.

General

As on the date of the Offering Circular, the authorised share capital of the Company was Rs.1800,000,000 divided into 1750,000,000 equity shares of Rs.1 each and 5,000,000 Preference Shares of Rs.10 each. The fully paid-up issued, subscribed and paid-up capital is Rs.898,043,980 divided into 898,043,980 Equity Shares of Rs.1 each. All of the Company's issued and paid-up Equity Shares are in registered form and substantially all are held in dematerialised form.

Dividends

Under the Companies Act, unless the Board recommends the payment of a dividend, the shareholders at a general meeting have no power to declare any dividend. Subject to certain conditions laid down by Section 123 of the Companies Act 2013, no dividend can be declared or paid by a company for any financial year except out of the profits of the company in accordance with the provisions of the Companies Act or out of the profits of the company for any previous financial year(s) arrived at after providing for depreciation in accordance with the provisions of the Companies Act and remaining undistributed or out of both or out of moneys provided by the Central or State Government for payment of dividend in pursuance of a guarantee given by that government. Under the company's articles of association, the shareholders at a general meeting may declare a lower, but not higher, dividend than that recommended by the Board. Dividends are generally declared as a percentage of the par value. The dividend recommended by the Board and approved by the shareholders at a general meeting is distributed and paid to shareholders in proportion to the paid-up value of their Shares as of the record date for which such dividend is payable. In addition, as permitted by the company's articles of association, the Board may announce and pay interim dividends. Under the Companies Act, dividends can only be paid in cash to shareholders listed on the register of shareholders on the date which is specified as the "record date" or "book closure date" or to those shareholders keeping their shares in dematerialized form, a list of which is provided by the National Securities Depository Limited (the "**NSDL**") and the Central Depository Services (India) Limited (the "**CSDL**"). No shareholder is entitled to a dividend while any lien in respect of unpaid calls on any of his/her Shares is outstanding.

Any dividend declared shall be deposited in a separate bank account within five days from the date of the declaration of such dividend. Dividends must be paid within 30 days from the date of the declaration and any dividend which remains unpaid or unclaimed after that period must be transferred within seven days of the expiry of the 30-day period (mentioned aforesaid) to a special unpaid dividend account held at a scheduled bank. Any money which remains unpaid or unclaimed for seven years from the date of such transfer must be transferred by the company to the investor education and protection fund established by the government pursuant to which no claim shall lie against the company or the investor education and protection fund. Directors of the company may be held criminally liable for any default of the provisions.

Pre-Emptive Rights and Alteration of Share Capital

Subject to the provisions of the Companies Act, the company may increase its share capital by issuing new Shares. Such new Shares shall be offered to existing shareholders listed on the members' register on the record date in proportion to the amount paid-up on those Shares at that date. The offer shall be made by notice specifying the number of Shares offered and the date (being not less than 15 days from the date of the offer) after which the offer, if not accepted, will be deemed to have been declined. After such date, the Board may dispose of the Shares offered in respect of which no acceptance has been received, in such manner as they think most beneficial to the company. The offer is deemed to include a right exercisable by the person concerned to renounce the Shares offered to him/her in favour of any other person provided that

the person in whose favour such Shares have been renounced is approved by the Board in their absolute discretion.

Under the provisions of the Companies Act, new shares may be offered to any persons whether or not those persons include existing shareholders if a special resolution to that effect is passed by the shareholders of the issuer in a general meeting, unless not required under the applicable laws.

The company may, by ordinary resolution, from time to time, alter the company's memorandum of association to subdivide the shares for a larger amount than is fixed by the memorandum of association provided that the same proportionate liability shall continue on the shares so reduced or increased as existed on the original Shares before such subdivision or consolidation, or it may cancel shares which, at the date of passing of the resolution, have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of shares cancelled.

The company's issued share capital may, among other things, be increased by the exercise of warrants attached to any of the company's securities, or individually issued, entitling the holder to subscribe for the company's shares or upon the conversion of convertible debentures issued. The issue of any convertible debentures or the taking of any convertible loans, other than from the Government and financial institutions, requires the approval of a special resolution of shareholders.

The company can also alter its share capital by way of a reduction of its capital or by undertaking a buyback of its Shares under the prescribed SEBI guidelines. The company's articles of association provide that the company may in a general meeting, from time to time increase its capital by the creation of new shares and may consolidate or sub-divide its share capital, convert all or any of its fully paid-up shares into stock and reconvert that stock into fully paid-up shares or cancel shares which have not been taken up by any person. The company may also from time to time by special resolution reduce its capital and pay capital on the grounds that it may be called up again or otherwise.

The company's articles of association also provide that if at any time the company's share capital is divided into different classes of shares, the rights attached to any one class (unless otherwise provided by the terms of issue of the shares of that class) may be varied with the consent in writing of the holders of three-fourths of the issued shares of that class, or with the sanction of a special resolution, passed at a separate meeting of the holders of the shares of that class.

Preference Shares

Preference share capital is that part of the paid-up capital of the company which fulfils both of the following requirements, namely:

(i) that as respects dividends, it carries or will carry a preferential right to be paid a fixed amount or an amount calculated at a fixed rate; and

(ii) that as respects capital, it carries or will carry on a winding-up of the company, a preferential right to be repaid the amount of the capital paid up or deemed to have been paid-up.

The preference shares do not confer any further rights to participate in the company's profits or assets. Holders of preference shares are not entitled to vote at the company's general meetings except:

A. in relation to resolutions placed before the company that directly affect the rights attached to the holder's preference shares and/or

B. where the dividend due on such capital has remained unpaid:
   (i) in the case of cumulative preference shares, in respect of an aggregate period of not less than two years preceding the date of commencement of the meeting; and
   (ii) in the case of non-cumulative preference shares, either in respect of a period of not less than two years or in respect of an aggregate period of not less than three years comprised in the six years ending with the expiry of the financial year immediately preceding the commencement of the meeting.

Under the Companies Act, the company may issue redeemable preference shares, but (i) no such shares shall be redeemed except out of the profits which would otherwise be available for dividends or out of the proceeds of a fresh issue of shares made for the purposes of the redemption; (ii) no such shares shall be redeemed unless they are fully paid; (iii) the premium, if any, payable on redemption shall have been provided for out of the company's profits or out of the company's securities premium account, before the shares are redeemed; (iv) where any such shares are redeemed otherwise than out of the proceeds of a fresh issue, there shall be transferred, to a reserve fund to be called the Capital Redemption Reserve Account, out of profits which would otherwise have been available for dividends, a sum equal to the nominal amount of the shares redeemed; and (v) the provisions of the Companies Act relating to the reduction of the share capital of a company shall apply as if such reserve account were paid-up share capital of such company. Preference shares must be redeemable before the expiry of a period of 20 years from the date of their issue.

General Meetings of Shareholders

The company must hold its annual general meeting each year within 15 months of the previous annual general meeting and in any event not later than six months after the end of each accounting year, unless extended by the Registrar of Companies at the company's request for any special reason. The Board may convene an extraordinary general meeting of shareholders when necessary or at the request of a shareholder or shareholders holding in the aggregate not less than 10.0% of the company's paid-up capital (carrying a right to vote in respect of the relevant matter on the date of the deposit of the requisition).

Written notices convening a meeting setting out the date, place and agenda of the meeting must be given to members at least 21 days prior to the date of the proposed meeting. A general meeting may be called after giving shorter notice if consent is received from all shareholders, in the case of an annual general meeting, and from shareholders holding not less than 95.0% of the company's paid- up capital, in the case of any other general meeting. Currently, the company gives written notices to all members and, in addition, give public notice of general meetings of shareholders in a daily newspaper of general circulation in Mumbai. General meetings are generally held in Mumbai or through VC. The quorum for a general meeting of the company is five shareholders personally being present.

A company intending to pass a resolution relating to matters such as, but not limited to, amending the objects clause of the Memorandum, issue of shares of differential voting rights as to voting or dividend or otherwise, variation in the rights attached to a class of shares or debentures or other securities, buyback of shares under the Companies Act or giving loans or extending guarantees in excess of limits prescribed under the Companies Act and guidelines issued thereunder, is required to obtain passage of the resolution by means of a postal ballot instead of transacting the business in the general meeting of the company. A notice to all shareholders shall be sent along with a draft resolution explaining the reasons thereof and requesting each shareholder to send his/her assent or dissent in writing on a postal ballot within a period of 30 days from the date of posting the letter. Postal ballot includes voting by electronic mode.

Voting Rights

At a general meeting, upon a show of hands, every member holding shares and entitled to vote and present in person has one vote. Upon a poll, the voting rights of each shareholder entitled to vote and present in person or by proxy, are in the same proportion as the capital paid-up on each share held by such shareholder to the total paid-up capital of the company. Voting is by show of hands unless a poll is ordered by the Chairman of the meeting or demanded by a shareholder or shareholders holding at least 10.0% of the voting rights in respect of the resolution. The Chairman of the meeting has a casting vote.

Ordinary resolutions may be passed by simple majority of those present and voting at any General Meeting for which the required period of notice has been given. Special resolutions require that the votes cast in favour of the resolution by those present and voting must be at least three times the votes cast against the resolution. Under the Companies Act some of the matters that require special resolution are amendment to the Articles of Association, members voluntary winding up, dissolutions, merger, or consolidation.

A shareholder may exercise his voting rights by proxy to be given in the form required by the Articles of Association of the company. The instrument appointing a proxy is required to be lodged with the company

at least 48 hours before the time of the meeting. A shareholder may, by a single power of attorney, grant a general power of representation regarding several general meetings of shareholders. Any shareholder of the company may appoint a proxy. A corporate shareholder is also entitled to nominate a representative to attend and vote on its behalf at general meetings. A proxy may not vote except on a poll and does not have a right to speak at meetings. A shareholder which is a legal entity may appoint an authorised representative who can vote in all respects as if a member both by show of hands and by poll.

The Companies Act allows for a company to issue shares with differential rights as to dividends, voting or otherwise, subject to certain conditions. In this regard, the laws require that, for a company to issue shares with differential voting rights: (i) the company must have had distributable profits (in accordance with the requirements of the Companies Act) for the three financial years preceding the year in which it was decided to issue such shares; (ii) the company must not have defaulted in filing annual accounts and annual returns for the three financial years immediately preceding the financial year of the year in which it was decided to issue such shares; (iii) the Articles of Association must allow for the issuance of such shares with differential voting rights; and (iv) such other conditions set forth in Rule 4 (Equity Shares with Differential Voting Rights) of The Companies (Share Capital and Debentures) Rules, 2014 are referred.

Registered holders of the Shares withdrawn from the depositary arrangements will be entitled to vote and exercise
other direct shareholder rights in accordance with applicable Indian law.

Convertible Securities/Warrants

The company may from time-to-time issue debt instruments that are partly or fully convertible into Shares and/or warrants to purchase Shares.

Annual Reports and Financial Results

The Annual Report must be laid before the annual general meeting. This report includes certain financial information, a corporate governance section and management's discussion and analysis. It is sent to the company's shareholders, and also made available for inspection at the company's registered office during normal working hours for 21 days prior to the annual general meeting.

Under the Companies Act, the company must file its Annual Return with the jurisdictional Registrar of Companies within 30 days from the date of the relevant annual general meeting. The company must also publish its financial results in at least one English language daily newspaper circulating in the whole or substantially the whole of India and also in a newspaper published in the language of the region where the company's registered office is situated.

The company files certain information online, including its Annual Report, quarterly financial statements, report on corporate governance and the shareholding pattern statement, statement of action taken against the company by any regulatory agency and such other statements/information/report as may be specified by SEBI from time to time in accordance with the requirements of the SEBI Listing Regulations.

Transfer of Shares

Following the introduction of the Depositories Act, 1996, and the repeal of Section 22A of the SCRA, which enabled companies to refuse to register transfers of shares in some circumstances, the equity shares of a public company became freely transferable, subject only to the provisions of Section 59 of the Companies Act. Since the company is a public company, the provisions of Section 59 will apply to the company. The company's articles of association currently contain provisions which give the company's Board discretion to refuse to register a transfer of shares in some circumstances. However, the enforceability of such a provision is uncertain. Furthermore, in accordance with the provisions of Section 59 of the Companies Act, the company's Board may refuse to register a transfer of shares within two months from the date on which the instrument of transfer or intimation of transfer, as the case may be, is delivered to the company, if they have sufficient cause to do so. If the company's Board refuses to register a transfer of shares, the shareholder wishing to transfer his, her or its shares may file an appeal with the National

Company Law Tribunal and the National Company Law Tribunal can direct the company to register such transfer.

Pursuant to Section 59(4), if a transfer of shares contravenes any of the provisions of the Securities and Exchange Board of India Act, 1992 or any other law for the time being in force, the Tribunal may, on an application made by the depository, company, depository participant, the holder of the securities or the Securities and Exchange Board, direct any company or a depository to set right the contravention and rectify its register or records concerned.

Shares held through depositories are transferred in the form of book entries or in electronic form in accordance with the regulations laid down by the SEBI. These regulations provide for the functioning of the depositories and the participants and set out the manner in which the records are to be kept and maintained and the safeguards to be followed in this system. Transfers of beneficial ownership of shares held through a depository are exempt from stamp duty. The Company has entered into an agreement for such depository services with the NSDL and the CSDL.

The SEBI requires that for trading and settlement purposes, the company's shares be in book-entry form for all investors, except for transactions that are not made on a stock exchange and transactions that are not required to be reported to the stock exchange.

Pursuant to the listing agreement, in the event the company has not effected the transfer of shares within one month or where the company has failed to communicate to the transferee any valid objection to the transfer within the stipulated time period of one month, the company is required to compensate the aggrieved party for the opportunity loss caused during the period of the delay.

Acquisition of the Company's Own Shares

The Company is prohibited from acquiring its own shares unless the consequent reduction of capital is effected by an approval of at least 75.0% of its shareholder's voting on the matter in accordance with the Companies Act and is also sanctioned by the High Court of Judicature at Mumbai (that is, the city where the Company's registered office is situated). Moreover, subject to certain conditions, a company is prohibited from giving whether directly or indirectly and whether by means of a loan, guarantee, the provision of security or otherwise, any financial assistance for the purpose of or in connection with a purchase or subscription made or to be made by any person of or for any shares in the company or its holding company.

However, pursuant to certain amendments to the Companies Act, a company is empowered to purchase its own shares or other specified securities out of its free reserves, the securities premium account or the proceeds of any shares or other specified securities (other than the kind of shares or other specified securities proposed to be bought back), subject to certain conditions, including:

(i) the buyback should be authorised by the company's articles of association;
(ii) a special resolution should have been passed in a general meeting authorizing the buyback;
(iii) the buyback is for less than 25.0% of the total paid-up capital and free reserves provided that the buyback of equity shares in any financial year shall not exceed 25.0% of the total paid-up equity share capital in that year;
(iv) the debt (including all amounts of unsecured and secured debt) the company owes is not more than twice the capital and free reserves after such buyback; and
(v) the buyback is in accordance with the Securities and Exchange Board of India (Buyback of Securities) Regulation, 2018.

The condition mentioned in (ii) above would not be applicable if the buyback is for less than 10.0% of the total paid-up equity capital and free reserves of the company and provided that such buyback has been authorised by the board of directors of the company. Further, a company buying back its securities is not permitted to buyback any securities for a period of one year from the buyback or to issue new securities for six months from the buyback date. The aforesaid restriction relating to the one year period does not apply to a buyback authorised by a special resolution of the shareholders in general meeting. Every buyback has

to be completed within a period of one year from the date of passing of the special resolution or resolution of the Board of directors as the case may be.

A company buying back its securities is required to extinguish and physically destroy the securities so bought back within seven days of the last date of completion of the buyback.

A company is also prohibited from purchasing its own shares or specified securities through any subsidiary company, including its own subsidiary companies or through any investment company (other than a purchase of shares in accordance with a scheme for the purchase of shares by Agents of or for shares to be held by or for the benefit of employees of the company) or if the company is defaulting on the repayment of deposit, redemption of debentures or preference shares or payment of dividend to a shareholder or repayment of any term loan or interest payable thereon to any financial institution or bank, or in the event of non-compliance with certain other provisions of the Companies Act.

The buyback of securities can be from existing security holders on a proportionate basis or from the open market or from odd lots, that is to say, where a lot of securities of a public company, whose shares are listed on a recognised stock exchange, is smaller than such marketable lot, as may be specified by the stock exchange or by purchasing securities issued to the employees of the company pursuant to a scheme of stock option or sweat equity.

Disclosure of Ownership Interest

Section 89 of the Companies Act requires beneficial owners of shares of Indian companies who are not holders of record to declare to the company details of the holder of record and the holder of record to declare details of the beneficial owner. Any person who fails to make the required declaration within 30 days may be liable for penalty. Any charge, promissory note or other collateral agreement created, executed, or entered into with respect to any share by the registered owner thereof, or any hypothecation by the registered owner of any share pursuant to which a declaration is required to be made under Section 89 shall not be enforceable by the beneficial owner or any person claiming through the beneficial owner if such declaration is not made. Failure to comply with Section 89 will, inter alia, not affect the obligation of the company to register a transfer of shares or to pay any dividends to the registered holder of any shares pursuant to which such declaration has not been made.

Main Objects to be pursued by the Company as per its Memorandum of Association

The main object of the Company to be pursued by the Company as per its Memorandum of Association is as under:

1. To carry on the business of trading, dealing, lending, financing, refinancing, leasing or hire purchase, renting or giving on rent or hire all or any kind of automobiles, motor lorries, trucks, cars, cabs, tractors, autorickshaws, three wheelers, two wheelers or any other vehicles drawn by either motor, steam, oil, petroleum, electricity, battery or any mechanical, manual or other energy, power or device, plant, machinery, equipment, tools, implements, apparatus, appliances, money or any other articles or things or property whether movable or immovable and to purchase take on lease or otherwise acquire and to deal in real-estate and immovable properties.

2. To carry on the business or to act as guarantors, sureties, investors, promoters, brokers, stock, shares & securities dealers.

3. To undertake finance arrangements of all kinds including infrastructure finance, micro finance, small and tiny finance either as principals or as agents or in any other manner to advance loans for organizing and developing poultry and dairy farming, intensive agricultural operations, cottage industries, workshops, work centres, village industries and for purchase of land for house sites and for agricultural and industrial activities and to receive loans, advances, grants or other moneys from the Central Government, State Government, Local Bodies, Banks, Companies, Corporations, Co-operative Societies, Trusts or individuals with or without interest in order to carry out the objects of the company.

4. Subject to provisions of RBI Act, 1934, Companies Act, 2013, Banking Regulation Act, 2013 and any other Acts, Rules, Regulations made thereunder, to deals in financial products and services as principal or agent, including but not limited to Business Correspondent, Corporate Agent, Business Facilitator, Business Intermediary, Direct Selling Agent, Factor, Financing Agent, Broker, Recovery Agent, Bill Discounter, Co-Lender, Co-Originator, bridge financer, Money changer Finance Manager, Loan syndication for/with Banks, Financial Institutions, Mutual Funds and other Corporate Bodies or other entities.

TERMS AND CONDITIONS OF THE BONDS

The following, subject to completion and amendment, and save for the paragraphs in italics, is the text of the Terms and Conditions of the Bonds:

The issue of up to U.S.$75,000,000 aggregate principal amount of 7.5 per cent. Secured Convertible Bonds due 2029 (the "**Bonds**", which term shall include, unless the context requires otherwise, any further Bonds issued in accordance with Condition 15 and consolidated and forming a single series therewith) of Paisalo Digital Limited (the "**Issuer**") was authorised by a resolution of the board of directors of the Issuer passed on 25 July 2024 and by the shareholders of the Issuer by way of resolution passed through Postal Ballot on 30 August 2024. The Bonds have the benefit of certain security on the Collateral as set out in Condition 1.2. The creation of security in respect of the Bonds was approved by a resolution of the FCCB Committee of the board of directors of the Issuer passed on 28 November 2024. The Bonds are constituted by a trust deed (as amended or supplemented from time to time) (the "**Trust Deed**") dated on or about 10 December 2024 (the "**Issue Date**") and made between the Issuer and GLAS Trust Company LLC as trustee for the holders of the Bonds (the "**Trustee**", which term shall, where the context so permits, include all other persons for the time being acting as trustee or trustees under the Trust Deed). The Issuer has entered into a paying agency agreement (as amended or supplemented from time to time, the "**Agency Agreement**") dated on or about the Issue Date with the Trustee, GLAS Trust Company LLC as principal paying agent (the "**Principal Paying Agent**") and as conversion agent (the "**Conversion Agent**"), GLAS Trust Company LLC as registrar (the "**Registrar**") and the other paying and transfer agents appointed under it (each respectively, a "**Paying Agent**", or "**Transfer Agent**" (references to which shall include the Registrar) and together with the Registrar and the Principal Paying Agent, the "**Agents**") relating to the Bonds. References to the "Principal Paying Agent", "Registrar" and "Agents" below are references to the principal paying agent, registrar and agents for the time being for the Bonds. The statements in these terms and conditions (these "**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement. Unless otherwise defined, terms used in these Conditions have the meaning specified in the Trust Deed. Copies of the Trust Deed and of the Agency Agreement are available (i) for inspection between 9:30 a.m. and 3:30 p.m. Monday to Friday (except public holidays) at the specified office of the Principal Paying Agent, and (ii) electronically from the Principal Paying Agent, in each case upon prior written request and proof of holding of Bonds and identity to the satisfaction of the Principal Paying Agent. The Bondholders are entitled to the benefit of the Trust Deed and are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. STATUS OF THE BONDS AND COLLATERAL

1.1 Status of the Bonds

The Bonds constitute direct, general and unconditional obligations of the Issuer and the performance of all the obligations of the Issuer under the Bonds and the Trust Deed are or, as the case may be, will be secured by, *inter alia*, a first ranking exclusive charge (by way of hypothecation) over identified loan assets of the Issuer which are standard assets only, including all the monies receivable thereunder (collectively, the "**Collateral**", and the deed of hypothecation and other instruments pursuant to which the security interests in the Collateral are created, the "**Collateral Documents**").

1.2 Collateral

The charge and hypothecation created on the Collateral will be created in favour of the Onshore Security Trustee under the Collateral Documents for the benefit of the Bondholders by way of a first ranking exclusive security interest. Such security interest shall be a floating charge which will, automatically and without prior notice to the Issuer, be crystallised and converted into a fixed charge upon the occurrence of any Event of Default. The Bonds will at all times rank *pari passu* among themselves and at least *pari passu* with all other present and future secured obligations of the Issuer, save for such obligations as may be preferred by provisions of law that are both mandatory and of general application.

See "Description of the Collateral" for more details of the Collateral to be granted by the Issuer and a description of the Collateral Documents.

2. FORM, DENOMINATION AND TITLE

2.1 Form and denomination

The Bonds are issued in registered form in the denomination of U.S.$200,000 each or in integral multiples of U.S.$1,000 in excess thereof (each an "**Authorised Denomination**"). A bond certificate (each, a "**Certificate**") will be issued to each Bondholder in respect of its registered holding of Bonds. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Bondholders which the Issuer will procure to be kept by the Registrar.

*Upon issue, the Bonds will be represented by a Global Certificate registered in the name of a nominee of, and deposited with, a common depositary for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream**"). The Conditions are modified by certain provisions contained in the Global Certificate.*

Except in the limited circumstances described in the Global Certificate, owners of interests in Bonds represented by the Global Certificate will not be entitled to receive definitive Certificates in respect of their individual holdings of Bonds. The Bonds are not issuable in bearer form.

2.2 Title

Title to the Bonds passes only by transfer and registration in the register of Bondholders as described in Condition 3. The holder of any Bond will (except as otherwise required by law or as ordered by a court of competent jurisdiction) be treated as the absolute owner of a Bond registered in its name for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions "Bondholder" and (in relation to a Bond) "holder" means the person in whose name a Bond is registered in the Register (as defined below).

3. TRANSFERS OF BONDS; ISSUE OF CERTIFICATES

3.1 Register

The Issuer will cause to be kept at the specified office of the Registrar and in accordance with the terms of the Agency Agreement a register on which shall be entered the names and addresses of the holders of the Bonds and the particulars of the Bonds held by them and of all transfers, redemptions and conversions of the Bonds (the "**Register**"). Each Bondholder shall be entitled to receive only one Certificate in respect of its entire holding of Bonds.

3.2 Transfers

Subject to Conditions 3.5, 3.6 and 3.7 and the terms of the Agency Agreement, a Bond may be transferred or exchanged in whole or in part in an Authorised Denomination by delivery of the Certificate issued in respect of that Bond, with the form of transfer on the back duly completed and signed by the holder or his attorney duly authorised in writing, to the specified office of the Registrar or any of the Transfer Agents. No transfer of title to a Bond will be valid unless and until entered on the Register.

Transfers of interests in Bonds evidenced by the Global Certificate will be effected in accordance with the rules of the relevant clearing systems.

3.3 Delivery of new certificates

3.3.1 Each new Certificate to be issued upon a transfer or exchange of Bonds will, within seven business days of receipt by the Registrar or, as the case may be, any other relevant Transfer Agent of the original Certificate and form of transfer duly completed and signed, be made available for collection at the specified office of the Registrar or such other relevant Transfer Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder entitled to the Bonds (but free of charge to the Bondholder and at the Issuer's expense) to the address specified in the form of transfer.

Except in the limited circumstances described herein (see "Description of The Global Certificate"), owners of interests in the Bonds will not be entitled to receive physical delivery of Certificates.

3.3.2 Where only part of a principal amount of the Bonds (being that of one or more Bonds) in respect of which a Certificate is issued is to be transferred, exchanged, converted, redeemed or repurchased, a new Certificate in respect of the Bonds not so transferred, exchanged, converted, redeemed or repurchased will, within seven business days of delivery of the original Certificate to the Registrar or other relevant Agent, be made available for collection at the specified office of the Registrar or such other relevant Agent or, if so requested in the form of transfer, be mailed by uninsured mail at the risk of the holder of the Bonds not so transferred, exchanged, converted, redeemed or repurchased (but free of charge to the Bondholder and at the Issuer's expense) to the address of such holder appearing on the Register.

3.3.3. For the purposes of these Conditions (except for Condition 7 and Condition 8), "**business day**" shall mean a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of the Registrar (if a Certificate is deposited with it in connection with a transfer or conversion) or the Agent with whom a Certificate is deposited in connection with a transfer or conversion is located.

3.4 Formalities free of charge

Registration of a transfer of Bonds and issuance of new Certificates will be effected without charge by or on behalf of the Issuer or any of the Agents, but upon (i) payment (or the giving of such indemnity as the Issuer or any of the Agents may require) in respect of any tax, duty or other governmental charges which may be imposed in relation to such transfer; and (ii) the Issuer or the relevant Transfer Agent being satisfied that the regulations concerning transfer of Bonds have been complied with.

3.5 Restricted transfer periods

No Bondholder may require the transfer of a Bond to be registered (i) during the period of 15 days ending on (and including) the dates for redemption pursuant to Condition 8.2 and Condition 8.3; (ii) after a Conversion Notice (as defined in Condition 6.2) has been delivered with respect to a Bond; (iii) after a Change of Control Put Exercise Notice (as defined in Condition 8.4) has been deposited in respect of such a Bond; (iv) after a Purchase Notice (as defined in Condition 8.5) has been deposited in respect of such a Bond; (v) after an Optional Put Exercise Notice (as defined in Condition 8.6) has been deposited in respect of such a Bond; or (vi) during the period of seven days ending on (and including) any Interest Record Date (as defined in Condition 7.1). Each such period is a "**Restricted Transfer Period**".

3.6 Regulations

All transfers of Bonds and entries on the Register will be made subject to the detailed regulations concerning transfer of Bonds scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Trustee and the Registrar. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Bondholder upon prior written request and proof of holding of Bonds and identity to the satisfaction of the Registrar.

3.7 Transfer Restriction under Indian Law

Save as otherwise permitted under the laws of India, the Bonds may not be offered, sold or otherwise transferred at any time to any Person which is ineligible under applicable Indian foreign investment regulations (including but not limited to Press Note 3 of 2020 issued by the Department for Promotion of Industry and Internal Trade of the Ministry of Commerce and Industry, Government of India) to undertake foreign direct investments in India without prior approval of the Government of India (any such Person, a "**Restricted Person**"). Neither the Trustee nor any of the Agents shall be under any duty to determine whether any transfer of Bonds is restricted pursuant to this Condition 3.7 and will not be responsible to the Issuer, any Bondholder or any other person for any loss arising from any failure by it to do so.

4. COVENANTS

4.1 Limitation on Security Interests

So long as any Bonds remain outstanding, the Issuer will not, directly or indirectly, incur, assume or permit to exist any Security Interest of any nature whatsoever on any of its assets that constitutes the Collateral, *provided that* the Issuer may create Security Interest over all or any part of its assets and properties of any kind (other than the Collateral) subject to there being no Default that has occurred and continuing, and subject to compliance with the requirements of Condition 4.

4.2 Post-Closing Collateral Requirement

To the extent that any of the Collateral Documents required in connection with the creation, perfection and registration of the first ranking security interests in the Collateral have not been executed and delivered on or prior to the Issue Date, or the Issuer has not procured the registration of such security interests on or prior to the Issue Date (in each case, to the extent required by the Trust Deed and the Collateral Documents), the Issuer shall (i) ensure that all such actions are completed as soon as reasonably practicable, and in no event later than 60 days following the Issue Date and (ii) deliver, or cause to be a delivered, to the Trustee a certificate signed by two authorised signatories of the Issuer confirming that all such actions have been completed in accordance with the requirements of this Condition 4.2. The Trustee shall be entitled to accept and rely upon any such certificate as sufficient evidence of the satisfaction of the circumstances set out above without further investigation or enquiry and without liability to any Bondholder or any other person, in which event it shall be conclusive and binding on the Bondholders.

4.3 Financial Covenants

4.3.1 So long as any of the Bonds remain outstanding, the Issuer will ensure that:

(a) its Gross Non-Performing Assets expressed as a percentage of Gross Advances shall be less than 5.0 per cent.; and

(b) its Minimum Security Coverage Ratio (reviewed on a quarterly and annual basis) shall not be less than 1:1.1 and shall be calculated on the Collateral excluding portion classified as NPA or stage 3 assets.

4.3.2 The covenants in Condition 4.3.1 shall be calculated in accordance with Ind AS and tested by reference to the annual audited consolidated financial statements to be delivered to the Trustee in accordance with the provisions of the Trust Deed, commencing from the first financial year ended immediately following the Issue Date.

4.3.3 The Issuer shall be required to comply with the covenants in Condition 4.3.1 on quarterly basis commencing from the first financial year ended immediately following the Issue Date and shall provide a certificate of compliance of Financial Covenants under Condition 4.3 to the Trustee on a quarterly basis.

For the purposes of these Conditions:

"**Default**" means any event which is, or with the passage of time or the giving of notice or both would be, an Event of Default;

"**Gross Advances**" means the aggregate of all outstanding loans made by the Issuer or any of its Subsidiaries;

"**Gross Non-Performing Assets**" means the aggregate of all outstanding loans made or provided by the Issuer or any of its Subsidiaries where the obligor of such loan has not paid amounts due under such loan within ninety (90) days of the due date therefor;

"**Minimum Security Coverage Ratio**" means, at any time, the ratio of the value of the Collateral to the aggregate outstanding principal amount of any Indebtedness incurred by the Issuer which is secured by the Collateral from time to time;

"**Onshore Security Trustee**" means the onshore security trustee appointed under the terms of the Collateral Documents, being Axis Trustee Services Limited as of the Issue Date;

"**Security Interest**" means, with respect to any asset or properties of any kind, any mortgage, lien, pledge, charge, security interest or encumbrance of any kind, whether or not filed, recorded or otherwise perfected or registered under applicable law, including any conditional sale or other title retention agreement, any lease in the nature thereof, any option or other agreement to sell or give a security interest in and any filing or agreement to give any financing statement of any jurisdiction.

4.4 Merger, amalgamation, consolidation or sale of assets

The Issuer will not, directly or indirectly, consolidate with, merge or amalgamate into or convey, sell or transfer its assets substantially as an entirety to any Person (the consummation of any such event, a "**Merger**") unless:

4.4.1 the Issuer shall be solvent immediately prior thereto (as confirmed by a certificate of two directors of the Issuer);

4.4.2 the Issuer has given at least 30 days prior notice of such Merger to the Trustee and the Bondholders;

4.4.3 the security interests in the Collateral granted to the Onshore Security Trustee under the Collateral Documents shall remain in full force and effect and perfected to at least the same extent as in effect immediately prior to such Merger;

4.4.4 the Person formed by or surviving any such Merger (if other than the Issuer) or the Person to which such conveyance, sale, transfer, or other disposition has been made assumes in writing (A) all the obligations of the Issuer under the Bonds and the Trust Deed pursuant to agreements satisfactory to the Bondholders (by Extraordinary Resolution) and to ensure that the holder of each Bond then outstanding will have the right (during the period when such Bond shall be convertible) to convert such Bond into the class and amount of shares, cash and other securities and property receivable upon such consolidation, amalgamation, merger, sale or transfer by a holder of the number of Shares which would have become liable to be issued upon conversion of such Bond immediately prior to such consolidation, amalgamation, merger, sale or transfer and (B) all of the obligations of the Issuer under the Collateral Documents pursuant to agreements or instruments satisfactory to the Bondholders and the Onshore Security Trustee (and shall cause such instruments to be filed and recorded in such jurisdictions and take such other actions as may otherwise be required to comply with the requirements of Condition 4.4.3);

4.4.5 immediately after giving effect to any such Merger, no Event of Default or Default shall have occurred and be continuing or would result therefrom; and

4.4.6 the corporation formed by such Merger, or the person that acquired such properties and assets, shall expressly agree, among other things, not to redeem the Bonds pursuant to Condition 8.3 as a result of it becoming obliged to pay Additional Amounts as provided or referred to in Condition 9 arising solely as a result of the Merger.

5. INTEREST

The Bonds bear interest on their outstanding principal amount from and including 10 December 2024 at the rate of 7.5 per cent. per annum payable semi-annually in arrear in equal instalments of U.S.$ 37.50 per Calculation Amount (as defined below) on 10 June and 10 December in each year (each, an "**Interest Payment Date**"), commencing on 10 June 2025.

Save as set out in Condition 6.2.4, each Bond will cease to bear interest (a) where the Conversion Right attached to it shall have been exercised by a Bondholder, from and including the Interest Payment Date immediately preceding the relevant Conversion Date (as defined below), or if none, the Issue Date, subject to conversion of the relevant Bonds in accordance with the provisions of Condition 6.2, and (b) where such Bond is redeemed or repaid pursuant to Condition 8 or Condition 10, from the due date for redemption or repayment thereof unless, upon due presentation thereof, payment of principal is improperly withheld or refused. In such event, it will continue to bear interest at 2.0 per cent. above the rate aforesaid from the date such sums are due but not paid until whichever is the earlier of (x) the day on which all sums due in respect of such Bond up to that day are received by or on behalf of the relevant holder, and (y) the day seven days after the Trustee or the Principal Paying Agent has notified Bondholders of receipt of all sums due in respect of all the Bonds up to that seventh day (except to the extent that there is failure in the subsequent payment to the relevant holders under these Conditions).

If interest is required to be calculated for a period of less than a complete Interest Period (as defined below), the relevant day-count fraction will be determined on the basis of a 360-day year consisting of twelve months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

In these Conditions, the period beginning on and including the Issue Date and ending on but excluding the first Interest Payment Date and each successive period beginning on and including an Interest Payment Date and ending on but excluding the next succeeding Interest Payment Date is called an "**Interest Period**".

Interest in respect of any Bond shall be calculated per U.S.$1,000 in principal amount of Bonds (the "**Calculation Amount**"). The amount of interest payable per Calculation Amount for any period shall, save as provided above in relation to equal instalments, be equal to the product of the rate of interest specified above, the Calculation Amount and the day-count fraction (determined in the same manner as stated above in this Condition 5) for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards).

*All interest payable on the Bonds shall be subject to applicable laws in India, including but not limited to the Indian Foreign Exchange Management Act, 1999 ("**FEMA**"), the Foreign Exchange Management (Borrowing and Lending) Regulations 2018 and circulars or notifications issued thereunder by the Reserve Bank of India (the "**RBI**"), from time to time including the Indian Master Direction on External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019, as amended from time to time and the Indian Master Direction on Reporting under Foreign Exchange Management Act, 1999, dated 1 January 2016, as amended from time to time, and any other applicable regulations, notifications, circulars or guidelines issued in respect of external commercial borrowings, as construed in accordance with the FEMA, including Regulations 4 and 6 of the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018 (as amended, modified or replaced from time to time) (collectively, the "**ECB Guidelines**").*

6. CONVERSION

6.1 Conversion Right

6.1.1 Conversion Period: Subject as hereinafter provided, Bondholders have the right to convert their Bonds into Shares at any time during the Conversion Period referred to below.

(a) The right of a Bondholder to convert any Bond into Shares is called the "**Conversion Right**". Subject to and upon compliance with the provisions of this Condition, the Conversion Right attaching to any Bond may be exercised, at the option of the holder thereof, at any time (subject to paragraph (b) below) on and after the Issue Date up to the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the 10th day prior to the Maturity Date (but, except as provided in Condition 6.1.4, in no event thereafter) or if such Bond shall have been called for redemption by the Issuer before the Maturity Date, then up to and including the close of business (at the place aforesaid) on a date no later than 10 days (at the place aforesaid) prior to the date fixed for redemption thereof (the "**Conversion Period**").

Conversion Rights may not be exercised in relation to any Bond during the period (each, a "**Closed Period**") commencing on: (i) the date falling 30 days prior to the date of the Issuer's annual general shareholders' meeting and ending on the date of that meeting, (ii) the date falling 30 days prior to an extraordinary shareholders' meeting and ending on the date of that meeting, (iii) the date that the Issuer notifies the National Stock Exchange of India Limited ("**NSE**") and BSE Limited ("**BSE**", and together with NSE, the "**Indian Stock Exchanges**"); and if the Shares are listed on only one of the Indian Stock Exchanges, such exchange, of the record date for determination of the shareholders entitled to receipt of dividends, subscription of shares due to capital increase or other benefits, and ending on the record date for the distribution or allocation of the relevant dividends, rights and benefits, or (iv) on such date and for such period as determined by Indian law applicable from time to time that the Issuer is required to close its stock transfer books.

*Under applicable Indian laws, at the time of conversion of Bonds, the Issuer can allot Shares only in dematerialised form. Prior to exercising its Conversion Right, a Bondholder must ensure that it has opened a demat account with a depositary participant as prescribed under the respective by-law/rules framed by the depositories under the Depositories Act, 1996, as amended (the "**Depositories Act**"), for the purposes of receiving the Shares in dematerialised form.*

(b) The number of Shares to be issued on exercise of a Conversion Right will be determined by dividing the principal amount outstanding of the Bond to be converted (translated into Rupees at the Fixed Exchange Rate (as defined below)) by the Conversion Price in effect at the Conversion Date (both as hereinafter defined). A Conversion Right may only be exercised in respect of one or more Bonds. If more than one Bond held by the same holder is converted at any one time by the same holder, the number of Shares to be issued upon such conversion will be calculated on the basis of the aggregate principal amount of the Bonds to be converted.

"**Fixed Exchange Rate**" means the FX rate (INR per U.S.$1.00) based on RBI Reference rate as on 6 December 2024, being INR 84.66 per U.S.$1.00.

6..1.2 Fractions of Shares: Fractions of Shares will not be issued on conversion and no cash adjustments will be made in respect thereof. However, if the Conversion Right in respect of more than one Bond is exercised at any one time such that Shares to be issued on conversion are to be registered in the same name, the number of such Shares to be issued in respect thereof shall be calculated on the basis of the aggregate principal amount of such Bonds being so converted and rounded down to the nearest whole number of Shares.

Notwithstanding the foregoing, in the event of a consolidation or re-classification of Shares by operation of law or otherwise occurring after 10 December 2024 which reduces the number of Shares outstanding, the Issuer will upon any conversion of Bonds pay in cash (in U.S. dollars) a sum equal to such portion of the principal amount of the Bond or Bonds evidenced by the Certificate deposited in connection with the exercise of Conversion Rights, aggregated as provided in Condition 6.1.1, as corresponds to any fraction of a Share not issued if such sum exceeds U.S.$10.00 (which sum shall be translated into U.S. dollars at the Fixed Exchange Rate). Any such sum shall be paid not later than 14 business days in New Delhi and Mumbai after the relevant Conversion Date by transfer to a U.S. dollar account specified in the relevant Conversion Notice.

6.1.3 Conversion Price: The price at which Shares will be issued upon conversion, as adjusted from time to time (the "**Conversion Price**") will initially be INR45.33 per Share but will be subject to adjustment in the manner provided in Condition 6.3, provided, however, that the Conversion Price, as adjusted, shall, at all times, be not less than the Floor Price (calculated as set out below).

6.1.4 The Floor Price calculated in accordance with applicable Indian regulations is INR45.33. The initial Floor Price will be subject to adjustment in the manner provided in Condition 6.3.1. For the avoidance of doubt, if an event triggering an adjustment to the Conversion Price under Condition 6.3 occurs so that the Conversion Price, when calculated pursuant to Condition 6.3, would fall below the Floor Price, then the Floor Price shall be deemed to be the Conversion Price.

6.1.5 Revival and/or survival after Default: Notwithstanding the provisions of Condition 6.1.1, if (a) the Issuer shall default in making payment in full in respect of any Bond which shall have been called for redemption on the date fixed for redemption thereof, (b) any Bond has become due and payable prior to the Maturity Date (as defined in Condition 8.1) by reason of the occurrence of any of the events referred to in Condition 10 or (c) any Bond is not redeemed on the Maturity Date in accordance with Condition 8.1, the Conversion Right attaching to such Bond will revive and/or will continue to be exercisable up to, and including, the close of business (at the place where the Certificate evidencing such Bond is deposited for conversion) on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Paying Agent or the Trustee and notice of such receipt has been duly given to the Bondholders and, notwithstanding the provisions of Condition 6.1.1, any Bond in respect of which the Certificate and Conversion Notice are deposited for conversion prior to such date shall be converted on the relevant Conversion Date (as defined in Condition 6.2.1(b)) notwithstanding that the full amount of the moneys payable in respect of such Bond shall have been received by the Principal Paying Agent or the Trustee before such Conversion Date or that the Conversion Period may have expired before such Conversion Date.

6.1.6 Meaning of "Shares": As used in these Conditions, the expression "Shares" means (1) shares of the class of share capital of the Issuer which, at the date of the Trust Deed, are designated as equity shares of the Issuer with full voting rights, together with shares of any class or classes resulting from any subdivision, consolidation or reclassification of those shares, which as between themselves have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or dissolution of the Issuer; and (2) fully-paid and non-assessable shares of any class or classes of the share capital of the Issuer authorised after the date of the Trust Deed which have no preference in respect of dividends or of amounts payable in the event of any voluntary or involuntary liquidation or winding-up of the Issuer; provided that shares to be issued on any conversion of Bonds means only "Shares" as defined in sub-paragraph (1) above.

6.2 Conversion Procedure

6.2.1 Conversion Notice:

(a) To exercise the Conversion Right attaching to any Bond, the holder thereof must complete, execute and deposit at his own expense during normal business hours between 9:00 a.m. and 3:00 p.m. local time in the place in which the specified office of any Conversion Agent a notice of conversion (a "**Conversion Notice**") in duplicate in the form (for the time being current) obtainable from the specified office of each Conversion Agent, together with (i) the relevant Certificate; (ii) certification by the Bondholder in the Conversion Notice, in the form obtainable from any Conversion Agent, that (x) any amount required to be paid by the Bondholder under Condition 6.2.2 have been or (where permitted by law) will be so paid, (y) it is not a Restricted Person, and (z) on such other matters as may be required under the laws of the Republic of India or the jurisdiction in which the specified office of such Conversion Agent shall be located.

A Conversion Notice deposited outside the normal business hours between 9:00 a.m. and 3:00 p.m. (local time in the place in which the specified office of such Conversion Agent is located) or on a day which is not a business day at the place of the specified office of the relevant Conversion Agent shall for all purposes be deemed to have been deposited with that Conversion Agent during the normal business hours on the next business day following such day. Any Bondholder who deposits a Conversion Notice during a Closed Period will not be permitted to convert the Bonds into Shares (as specified in the Conversion Notice) until the next business day after the end of that Closed Period, which (if all other conditions to conversion have been fulfilled) will be the Conversion Date for such Bonds notwithstanding that such date may fall outside of the Conversion Period. A Bondholder exercising its Conversion Right for Shares will be required to have opened a demat account at its own cost with a depositary participant as prescribed under the respective by-law/rules framed by the depositories under the Depositories Act, for the purposes of receiving the Shares in dematerialised form.

(b) The conversion date in respect of a Bond (the "**Conversion Date**") must fall at a time when the Conversion Right attaching to that Bond is expressed in these Conditions to be exercisable (subject to the provisions of Condition 6.1.4 above) and will be deemed to be the date of the surrender of the Certificate in respect of such Bond and delivery of such Conversion Notice and, if applicable, any payment to be made or indemnity given under these Conditions in connection with the exercise of such Conversion Right. A Conversion Notice once delivered shall be irrevocable and may not be withdrawn unless the Issuer consents to such withdrawal.

6.2.2 Stamp Duty etc.: A Bondholder delivering a Certificate in respect of a Bond for conversion must pay to the relevant authorities any taxes and capital, stamp, issue and registration duties arising on conversion (other than any taxes or capital or stamp duties payable in India and, if relevant, in the place of the Alternative Stock Exchange, by the Issuer in respect of the allotment and issue of Shares and listing thereof on NSE and/or on BSE on conversion) ("**Duties**") and such Bondholder must pay all, if any, taxes arising by reference to any disposal or deemed disposal of a Bond in connection with such conversion to the relevant authorities. The Issuer will pay all other expenses arising on the issue of Shares on conversion of the Bonds and all charges of the Agents and the share transfer agent for the Shares (the "**Share Transfer Agent**") in connection with each conversion. The Bondholder (and, if applicable, the person other than the Bondholder to whom the Shares are to be issued) must declare in the relevant Conversion Notice that any amounts payable to the relevant tax authorities in settlement of any Duties payable pursuant to this Condition 6.2.2 have been, or (where permitted by law) will be, paid.

Neither the Agents nor the Trustee are under any obligation to determine whether a Bondholder or the Issuer is liable to pay any taxes (including stamp, issue, registration or similar taxes and duties) or the amounts payable (if any) in connection with this Condition 6.2.2 and will not be responsible to any person for any loss arising from any failure by it to do so.

6.2.3 Delivery of Shares:

(a) Upon exercise by a Bondholder of its Conversion Right for Shares and compliance with Conditions 6.2.1 and 6.2.2, the Issuer will, as soon as practicable, and in any event not later than 10 Trading Days after the applicable Conversion Date cause the relevant securities account of such Bondholder or of its nominee, to be credited with the relevant number of Shares to be issued upon the conversion (calculated without regard to any retroactive adjustment of the Conversion Price that may be required as provided below) and shall further cause the name of the concerned Bondholder or its nominee to be registered accordingly, in the record of the depositors, maintained by the depository registered under the Depositories Act with whom the Issuer has entered into a depository agreement and, subject to any applicable limitations then imposed by Indian laws and regulations, shall procure the Share Transfer Agent, as soon as practicable, and in any event within 14 business days in New Delhi and Mumbai of the Conversion Date, to transfer or cause to be transferred to the U.S. dollar account specified in the relevant Conversion Notice in respect of any cash payable pursuant to Condition 6.1.2 required to be delivered on conversion and such assignments and other documents (if any) as required by law to effect the transfer thereof.

The crediting of the Shares to the relevant securities account of the converting Bondholder (or such person or persons designated in the relevant Conversion Notice) and any payment of cash payable pursuant to Condition 6.1.2 will be deemed to satisfy the Issuer's obligation to pay the principal, interest and premium (if any) on such converted Bonds.

6.2.4 If the Conversion Date in relation to the conversion of any Bond shall be after the record date for any issue, distribution, grant, offer or other event that gives rise to the adjustment of the Conversion Price pursuant to Condition 6.3, but before the relevant adjustment becomes effective under the relevant Condition (a "**Retroactive Adjustment**"), upon the relevant adjustment becoming effective the Issuer shall procure the issue to the converting Bondholder (or in accordance with the instructions contained in the Conversion Notice (subject to applicable exchange control or other laws or other regulations)), such additional number of Shares ("**Additional Shares**") as, together with the Shares issued or to be issued on conversion of the relevant Bond, is equal to the number of Shares which would have been required to be issued on conversion of such Bond if the relevant adjustment to the Conversion Price had been made and become effective immediately after the relevant record date and in such event and in respect of such Additional Shares references in Conditions 6.2.3(a) and 6.2.3(c) to the Conversion Date shall be deemed to refer to the date upon which the Retroactive Adjustment becomes effective (notwithstanding that the date upon which it becomes effective falls after the end of the Conversion Period).

(a) The Shares issued upon conversion of the Bonds will in all respects rank *pari passu* with the Shares in issue on the relevant Conversion Date (except for any right excluded by mandatory provisions of applicable law) and such Shares shall be entitled to all rights the record date for which falls on or after such Conversion Date to the same extent as all other fully-paid and non-assessable Shares of the Issuer in issue as if such Shares had been in issue throughout the period to which such rights relate. A holder of Shares issued on conversion of Bonds shall not be entitled to any rights the record date for which precedes the relevant Conversion Date.

6.2.5 Interest Accrual: If any notice requiring the redemption of any Bonds is given pursuant to Condition 8.2 or Condition 8.3, interest shall accrue on Bonds in respect of which Conversion Rights shall have been exercised from and including the preceding Interest Payment Date (or, if such Conversion Date falls before the first Interest Payment Date, from, and including, the Issue Date) to, but excluding, such Conversion Date. Any such interest shall be paid not later than 14 days after the relevant Conversion Date by a U.S.

dollar cheque drawn on, or by transfer to a U.S. dollar account maintained by the payee with, a bank in accordance with instructions given by the relevant Bondholder in the Conversion Notice.

6.3 Adjustments to the Conversion Price

The Conversion Price will be subject to adjustment in the following events:

6.3.1 Free distribution, bonus issue, division, consolidation and reclassification of Shares:

If the Issuer shall (i) make a free distribution of Shares, (ii) make a bonus issue of its Shares, (iii) divide its outstanding Shares, (iv) consolidate its outstanding Shares into a smaller number of Shares, or (v) re-classify any of its Shares into other securities of the Issuer, then the Conversion Price shall be appropriately adjusted so that the holder of any Bond, the Conversion Date in respect of which occurs after the coming into effect of the adjustment described in this Condition 6.3.1, shall be entitled to receive such number of Shares and/or other securities of the Issuer which such holder would have held or have been entitled to receive after the happening of any of the events described above had such Bond been converted immediately prior to the happening of such event (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive any such free distribution or bonus issue of Shares or other securities issued upon any such division, consolidation or reclassification, immediately prior to such record date), but without prejudice to the effect of any other adjustment to the Conversion Price made with effect from the date of the happening of such event (or such record date) or any time thereafter.

Effective date of adjustment: An adjustment made pursuant to this Condition 6.3.1 shall become effective immediately on the relevant event referred to above being effective or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a free distribution or bonus issue of Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution or issue, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

6.3.2 *Declaration of dividend in Shares*: If the Issuer shall issue a dividend in the form of Shares or make a distribution of Shares which is treated as a capitalisation issue (including, but not limited to, capitalisation of capital reserves and employee stock bonuses) and which would not have constituted a Capital Distribution, then the Conversion Price in effect when such dividend and/or distribution is declared (or, if the Issuer has fixed a prior record date for the determination of shareholders entitled to receive such dividend and/or distribution, on such record date) shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{N}{N+n}$$

where:

NCP = the Conversion Price as in effect after such adjustment.

OCP = the Conversion Price as in effect before such adjustment.

N = the number of Shares outstanding at the time of issuance of such dividend and/or distribution (or at the close of business in Mumbai on such record date, as the case may be).

n = the number of Shares to be distributed to the shareholders as a dividend and/or distribution.

Effective date of adjustment: An adjustment made pursuant to this Condition 6.3.2 shall become effective immediately upon such dividend in the form of Shares being issued or upon such Shares being distributed, as the case may be, or, if a record date is fixed therefor, immediately after such record date; provided that in the case of a dividend in Shares which must, under applicable laws of India, be submitted for approval to a general meeting of shareholders of the Issuer or be approved at a meeting of the Board of Directors of the Issuer before being legally paid or made, and which is so approved after the record date fixed for the determination of shareholders entitled to receive such dividend, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date.

6.3.3 *Concurrent adjustment events*: If the Issuer shall declare a dividend in, or make a free distribution or bonus issue of, Shares, which dividend, issue or distribution is to be paid or made to shareholders as of a record date which is also:

(a) the record date for the issue of any rights or warrants which requires an adjustment of the Conversion Price pursuant to Conditions 6.3.5, 6.3.6 or 6.3.7;

(b) the day immediately before the date of issue of any securities convertible into or exchangeable for Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.9;

(c) the day immediately before the date of issue of any Shares which requires an adjustment of the Conversion Price pursuant to Condition 6.3.10 or, if applicable, the record date for determination of stock dividend entitlement as referred to in Condition 6.3.10;

(d) the day immediately before the date of issue of any rights, options or warrants which requires an adjustment of the Conversion Price pursuant to Condition 6.3.11;

or

(e) determined by the Issuer and notified by the Issuer to the Trustee in writing to be the relevant date for an event or circumstance which requires an adjustment to the Conversion Price pursuant to Condition 6.3.13;

then (except where such dividend, bonus issue or free distribution gives rise to a retroactive adjustment of the Conversion Price under Conditions 6.3.1 and 6.3.2) no adjustment of the Conversion Price in respect of such dividend, bonus issue or free distribution shall be made under this Condition 6.3.3, but in lieu thereof an adjustment shall be made under Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.9, 6.3.10 or 6.3.11 or 6.3.13 (as the case may require) by including in the denominator of the fraction described therein the aggregate number of Shares to be issued pursuant to such dividend, bonus issue or free distribution.

6.3.4 Capital Distribution:

(a) *Adjustment*: If the Issuer shall pay or make to its shareholders any Capital Distribution (as defined below) consisting in whole or in part of assets other than cash, then the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{CMP - fmv}{CMP}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

CMP = the Current Market Price (as defined in Condition 6.3.15 below) per Share on the last Trading Day preceding the date on which the Capital Distribution is publicly announced.

fmv = the portion of the Fair Market Value (as defined below), with such portion being determined by dividing the Fair Market Value of the aggregate Capital Distribution by the number of Shares entitled to receive the relevant Capital Distribution (or, in the case of a purchase of Shares or any receipts or certificates representing shares by or on behalf of the Issuer, by the number of Shares in issue immediately prior to such purchase), of the Capital Distribution attributable to one Share.

(b) *Adjustment*: If the Issuer shall pay or make to its shareholders any Capital Distribution in cash only then, in such case, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{CMP - C}{CMP}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

CMP = the Current Market Price (as defined in Condition 6.3.15 below) per Share on the date on which the relevant Dividend is first publicly announced; and

C = the cash Dividend attributable to one Share.

Effective date of adjustment: Any adjustment required by a Capital Distribution shall become effective immediately after the record date for the determination of shareholders entitled to receive such Capital Distribution; provided that (a) in the case of such a Capital Distribution which must, under applicable law of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before such Capital Distribution may legally be made and is so approved after the record date fixed for the determination of shareholders entitled to receive such Capital Distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the Fair Market Value of such Capital Distribution cannot be determined until the record date fixed for the determination of shareholders entitled to receive such Capital Distribution, such adjustment shall, immediately upon such Fair Market Value being determined, become effective retroactively to immediately after such record date.

For the purposes of this Condition:

"**Capital Distribution**" means any cash Dividend, distribution of cash, distribution of assets in specie or other property (whenever paid or made and however described) or payment on redemption, or for the purchase of, Common Shares of the Issuer made by the Issuer for any fiscal year (which, for the avoidance of doubt, shall not include any purchase of Common Shares of the Issuer falling within Condition 6.3.12).

"**Common Shares**" means, with respect to the Issuer, any and all shares, interests, participation or other equivalents (however designated) including all common shares and all preferred shares of the Issuer.

In making any such calculation pursuant to this Condition 6.3.4, such adjustments (if any) shall be made as an independent investment company or commercial bank of international repute selected by the Issuer and approved by the Trustee (an "Independent Financial Institution") considers appropriate to reflect any Capital Distribution, consolidation or subdivision of any Shares or the issue of Shares by way of capitalisation of profits or reserves, or any like or similar event or any adjustment to the Conversion Price.

"**Dividend**" means any dividend or distribution of cash or evidences of the Issuer's indebtedness relating to such dividend or distribution, whenever paid or made and however described *provided that*:

(a) where a Dividend is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the issue or delivery of Shares or other property or assets, or where a capitalisation of profits or reserves is announced which is to be, or may at the election of a shareholder or shareholders be, satisfied by the payment of a Dividend, then for the purposes of this definition the Dividend in question shall be treated as a Dividend of (i) such cash dividend or (ii) the Fair Market Value (on the date of announcement of such Dividend or date of capitalisation (as the case may be) or, if later, the date on which the number of Shares (or amount of property or assets, as the case may be) which may be issued or delivered is determined) of such Shares or other property or assets if such Fair Market Value is greater than the Fair Market Value of such Dividend;

(b) any tender or exchange offer falling within Condition 6.3.12 and any issue or distribution of Shares falling within Condition 6.3.2 shall be disregarded;

(c) a purchase or redemption of ordinary share capital by the Issuer shall not constitute a Dividend unless, in the case of purchases of Shares by or on behalf of the Issuer, the Volume Weighted Average Price per Share (before expenses) on any one day in respect of such purchases exceeds the Current Market Price per Share either (1) on that day (or if such day is not a Trading Day, the immediately preceding Trading Day), or (2) where an announcement (excluding for the avoidance of doubt for these purposes, any general authority for such purchases or redemptions approved by a general meeting of shareholders of the Issuer or any notice convening such a meeting of shareholders) has been made of the intention to purchase Shares at some future date at a specified price, on the Trading Day immediately preceding the date of such announcement, in which case such purchase shall be deemed to constitute a Dividend to the extent that the aggregate price paid (before expenses) in respect of such Shares purchased by the Issuer exceeds the Current Market Price per Share.

"**Fair Market Value**" means, with respect to any asset, security, option, other right or property on any date, the fair market value of that asset, security, option, other right or property as determined in good faith by an Independent Financial Institution, *provided that* an Independent Financial Institution will not be required to determine the fair market value in the following cases: (i) the Fair Market Value of a cash Dividend paid or to be paid shall be the amount of such cash Dividend; (ii) the Fair Market Value of any other cash amount shall be equal to such cash amount; and (iii) where shares, options, warrants or other rights are publicly traded in a market of adequate liquidity (as determined by the Independent Financial Institution) the fair market value of such shares, options, warrants or other rights shall equal the arithmetic mean of the daily closing prices of such options, warrants or other rights during the period of five Trading Days on the relevant market commencing on the first such Trading Days such shares, options, warrants or other rights are publicly traded; and in the case of (i) translated into Rupees (if declared or paid in a currency other than Rupees) at the rate of exchange used to determine the amount payable to shareholders who were paid or are to be paid or are entitled to be paid the cash Dividend in Rupees; and in any other case, converted into Rupees (if expressed in a currency other than Rupees) at such rate of exchange as may be determined in good faith by an Independent Financial Institution to be the spot rate ruling at the close of business on that date (or if no such rate is available on that date the equivalent rate on the immediately preceding date on which such a rate is available).

"**Volume Weighted Average Price**" means, in respect of a Share on any Trading Day, the order book volume-weighted average price of a Share appearing on or derived from the Bloomberg page by keying PAISALO IS <EQUITY> VAP and in the event that data is not available on the Bloomberg page, then

from the NSE page by keying PAISALO or such other source as shall be determined to be appropriate by an Independent Financial Institution on such Trading Day, provided that on any such Trading Day where such price is not available or cannot otherwise be determined as provided above, the Volume Weighted Average Price of a Share in respect of such Trading Day shall be the Volume Weighted Average Price, determined as provided above, on the immediately preceding Trading Day on which the same can be so determined.

"**cash Dividend**" means (i) any Dividend which is to be paid in cash and (ii) any Dividend determined to be a cash Dividend pursuant to paragraph (a) of the definition of "Dividend", and for the avoidance of doubt, a Dividend falling within paragraph (c) of the definition of "Dividend" shall be treated as not being a cash Dividend.

6.3.5 Rights Issues to Shareholders:

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares rights entitling them to subscribe for or purchase Shares, which expression shall include those Shares that are required to be offered to employees and persons other than shareholders in connection with such grant, issue or offer:

(a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or

(b) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration, then the Conversion Price in effect (in a case within paragraph (a) above) on the record date for the determination of shareholders entitled to receive such rights or (in a case within paragraph (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{N + v}{N\ x\ n}$$

where:

NCP and OCP shall have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within paragraph (a) above) on such record date or (in a case within paragraph (b) above) on the date the Issuer fixes the said consideration.

n = the number of Shares initially to be issued upon exercise of such rights at the said consideration being (aa) the number of Shares which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in paragraph (a) or, as the case may be, paragraph (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective immediately after the latest date for the submission of applications for such Shares by shareholders entitled to the same pursuant to such rights or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

Rights not taken up by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any Shares which are not subscribed for or purchased by the persons entitled thereto are underwritten by other persons prior to the latest date for the submission of applications for such Shares, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of rights entitling them to subscribe for or purchase Shares, any such Shares which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights) who have submitted applications for such Shares as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.6 Warrants issued to Shareholders:

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares warrants entitling them to subscribe for or purchase Shares:

(a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date for the determination of shareholders entitled to receive such warrants and is less than the Current Market Price per Share at such record date; or

(b) at a consideration per Share receivable by the Issuer which is fixed after the record date mentioned above and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration,

then the Conversion Price in effect (in a case within paragraph (a) above) on the record date for the determination of shareholders entitled to receive such warrants or (in a case within paragraph (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{N + v}{N\ x\ n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within paragraph (a) above) on such record date or (in a case within paragraph (b) above) on the date the Issuer fixes the said consideration.

n = the number of Shares to be issued upon exercise of such warrants at the said consideration which, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (aa) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa).

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in paragraph (a) or, as the case may be, paragraph (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective (i) where no applications for such warrants are required from shareholders entitled to the same, upon their issue and (ii) where applications by shareholders entitled to the same are required as aforesaid, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration but, in all cases, retroactively to immediately after the record date mentioned above.

Warrants not subscribed for by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares in the circumstances described in (a) and (b) of this Condition 6.3.6, any warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares of warrants entitling them to subscribe for or purchase Shares, any warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred the right to purchase such warrants) who have submitted applications for such warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.7 Issues of rights or warrants for equity-related securities to Shareholders:

Adjustment: If the Issuer shall grant, issue or offer to the holders of Shares rights or warrants entitling them to subscribe for or purchase any securities convertible into or exchangeable for Shares:

(a) at a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) which is fixed on or prior to the record date mentioned below and is less than the Current Market Price per Share at such record date; or

(b) at a consideration per Share receivable by the Issuer (determined as aforesaid) which is fixed after the record date mentioned below and is less than the Current Market Price per Share on the date the Issuer fixes the said consideration, then the Conversion Price in effect (in a case within paragraph (a) above) on the record date for the determination of shareholders entitled to receive such rights or warrants or (in a case within paragraph (b) above) on the date the Issuer fixes the said consideration shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{N + v}{N\ x\ n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India (in a case within paragraph (a) above) on such record date or (in a case within paragraph (b) above) on the date the Issuer fixes the said consideration.

n = the number of Shares initially to be issued upon exercise of such rights or warrants and conversion or exchange of such convertible or exchangeable securities at the said consideration being, in the case of rights, (aa) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities

which the underwriters have agreed to underwrite as referred to below or, as the case may be, (bb) the number of Shares initially to be issued upon conversion or exchange of the number of such convertible or exchangeable securities for which applications are received from shareholders as referred to below save to the extent already adjusted for under (aa) and which, in the case of warrants, where no applications by shareholders entitled to such warrants are required, shall be based on the number of warrants issued. Where applications by shareholders entitled to such warrants are required, the number of such Shares shall be calculated based upon (x) the number of warrants which underwriters have agreed to underwrite as referred to below or, as the case may be, (y) the number of warrants for which applications are received from shareholders as referred to below save to the extent already adjusted for under (x).

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share specified in paragraph (a) or, as the case may be, paragraph (b) above.

Effective date of adjustment: Subject as provided below, such adjustment shall become effective:

(c) where no applications for such warrants are required from shareholders entitled to the same, upon their issue; and

(d) where applications by shareholders entitled to the warrants are required as aforesaid and in the case of convertible or exchangeable securities by shareholders entitled to the same pursuant to such rights, immediately after the latest date for the submission of such applications or (if later) immediately after the Issuer fixes the said consideration; but in all cases retroactively to immediately after the record date mentioned above.

Rights or warrants not taken up by Shareholders: If, in connection with a grant, issue or offer to the holders of Shares of rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares in the circumstances described in this Condition 6.3.7, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the shareholders entitled thereto are underwritten by others prior to the latest date for the submission of applications for such convertible or exchangeable securities or warrants, an adjustment shall be made to the Conversion Price in accordance with the above provisions which shall become effective immediately after the date the underwriters agree to underwrite the same or (if later) immediately after the Issuer fixes the said consideration but retroactively to immediately after the record date mentioned above.

If, in connection with a grant, issue or offer to the holders of Shares or rights or warrants entitling them to subscribe for or purchase securities convertible into or exchangeable for Shares, any convertible or exchangeable securities or warrants which are not subscribed for or purchased by the underwriters who have agreed to underwrite as referred to above or by the shareholders entitled thereto (or persons to whom shareholders have transferred such rights or the right to purchase such warrants) who have submitted applications for such convertible or exchangeable securities or warrants as referred to above are offered to and/or subscribed by others, no further adjustment shall be made to the Conversion Price by reason of such offer and/or subscription.

6.3.8 Other distributions to Shareholders:

Adjustment: If the Issuer shall distribute to the holders of Shares capital stock of the Issuer (other than Shares), assets (excluding any Dividends) or rights or warrants to subscribe for or purchase Shares or securities (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6 and 6.3.7 above), then the Conversion Price in effect on the record date for the determination of shareholders entitled to receive such distribution shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{CMP - fmw}{CMP}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

CMP = the Current Market Price per Share on the record date for the determination of shareholders entitled to receive such distribution.

fmv = the Fair Market Value of the distribution applicable to one Share (which shall take into account the consideration receivable for the same by the Issuer (determined as provided in Condition 6.3.16)).

Effective date of adjustment: Such adjustment shall become effective immediately after the record date for the determination of shareholders entitled to receive such distribution, provided that (a) in the case of such a distribution which must, under applicable law of India, be submitted for approval to a general meeting of shareholders or be approved by a meeting of the Board of Directors of the Issuer before such distribution may legally be made and is so approved after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such approval being given by such meeting, become effective retroactively to immediately after such record date and (b) if the Fair Market Value of the shares of capital stock, assets, rights or warrants so distributed cannot be determined until after the record date fixed for the determination of shareholders entitled to receive such distribution, such adjustment shall, immediately upon such Fair Market Value being determined, become effective retroactively to immediately after such record date.

6.3.9 Issue of convertible or exchangeable securities other than to Shareholders or on exercise of warrants:

Adjustment: If the Issuer shall issue any securities convertible into or exchangeable for Shares (other than the Bonds, or in any of the circumstances described in Condition 6.3.7 and Condition 6.3.11) or grant such rights in respect of any existing securities and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such securities is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of issue of such convertible or exchangeable securities shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{N + v}{N\ x\ n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.

n = the number of Shares to be issued upon conversion or exchange of such convertible or exchangeable securities at the initial conversion or exchange price or rate.

v = the number of Shares which the aggregate consideration receivable by the Issuer would purchase at such Current Market Price per Share.

Effective date of adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such convertible or exchangeable securities are issued.

6.3.10 Other issues of Shares:

Adjustment: If the Issuer shall issue any Shares (other than Shares issued upon conversion or exchange of any convertible or exchangeable securities (including the Bonds) issued by the Issuer or upon exercise of any rights or warrants granted, offered or issued by the Issuer or in any of the circumstances described in Conditions 6.3.1 and 6.3.2, for a consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the issue of such Shares is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the issue of such additional Shares shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{N + v}{N\ x\ n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of issue of such additional Shares.

n = the number of additional Shares issued as aforesaid.

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

Effective Date of Adjustment: Such adjustment shall become effective as of the calendar day in India of the issue of such additional Shares.

6.3.11 Issue of equity-related securities:

Adjustment: If the Issuer shall grant, issue or offer options, warrants or rights (excluding those rights and warrants referred to in Conditions 6.3.5, 6.3.6, 6.3.7 and 6.3.8) to subscribe for or purchase Shares or securities convertible into or exchangeable for Shares and the consideration per Share receivable by the Issuer (determined as provided in Condition 6.3.16) shall be less than the Current Market Price per Share on the date in India on which the Issuer fixes the said consideration (or, if the offer, grant or issue of such rights, options or warrants is subject to approval by a general meeting of shareholders, on the date on which the Board of Directors of the Issuer fixes the consideration to be recommended at such meeting), then the Conversion Price in effect immediately prior to the date of the offer, grant or issue of such rights, options or warrants shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{N + v}{N\ x\ n}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2.

N = the number of Shares outstanding (having regard to Condition 6.3.17) at the close of business in India on the day immediately prior to the date of such issue.

n = the number of Shares to be issued on exercise of such rights or warrants and (if applicable) conversion

or exchange of such convertible or exchangeable securities at the said consideration.

v = the number of Shares which the aggregate consideration receivable by the Issuer (determined as provided in Condition 6.3.16) would purchase at such Current Market Price per Share.

Effective Date of Adjustment: Such adjustment shall become effective as of the calendar day in India corresponding to the calendar day at the place of issue on which such rights or warrants are issued.

6.3.12 Tender or Exchange Offer:

Adjustment: In case a tender or exchange offer made by the Issuer or any Subsidiary (as defined below) for all or any portion of the Shares shall expire and such tender or exchange offer shall involve the payment by the Issuer or such Subsidiary of consideration per Share having a Fair Market Value at the last time (the "**Expiration Date**") tenders or exchanges could have been made pursuant to such tender or exchange offer (as it shall have been amended) that exceeds the Current Market Price per Share, as of the Expiration Date, the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP - OCP\ x\ \frac{(N\ x\ CMP)}{fmv\ [(N-n)x\ CMP]}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2 above.

N = the number of Shares outstanding (including any tendered or exchanged Shares) on

the Expiration Date.

CMP = Current Market Price per Share as of the Expiration Date.

fmv = the Fair Market Value of the aggregate consideration payable to the holders of Shares based on the acceptance (up to a maximum specified in the terms of the tender or exchange offer) of all Shares validly tendered or exchanged and not withdrawn as of the Expiration Date (the Shares deemed so accepted up to any such maximum, being referred to as the "Purchased Shares").

n = the number of Purchased Shares.

Effective Date of Adjustment: Such adjustment shall become retroactively effective immediately prior to the opening of business on the day following the Expiration Date.

Tender or Exchange Offer Not Completed: If the Issuer is obligated to purchase Shares pursuant to any such tender or exchange offer, but the Issuer is permanently prevented by applicable law from effecting any such purchase or all such purchases are rescinded, the Conversion Price shall again be adjusted to be the Conversion Price which would then be in effect if such tender or exchange offer had not been made.

6.3.13 *Analogous events and modifications*: If (a) the rights of conversion or exchange, purchase or subscription attaching to any options, rights or warrants to subscribe for or purchase Shares or any securities convertible into or exchangeable for, or which carry

rights to subscribe for or purchase Shares are modified (other than pursuant to and as provided in the terms and conditions of such options, rights, warrants or securities) or (b) the Issuer determines or written notice has been given to the Trustee that any other event or circumstance has occurred which has or would have an effect on the position of the Bondholders as a class compared with the position of the holders of all the securities (and options and rights relating thereto) of the Issuer, taken as a class which is analogous to any of the events referred to in Conditions 6.3.1 to 6.3.12, then, in any such case, the Issuer shall notify the Trustee thereof or if the Trustee has been notified under (b), the Trustee shall notify the Issuer thereof and the Issuer shall consult with an Independent Financial Institution as to what adjustment, if any, should be made to the Conversion Price to preserve the value of the Conversion Right of the relevant Bondholders and will make any such adjustment.

6.3.14 *Simultaneous issues of different classes of Shares*: In the event of simultaneous issues of two or more classes of share capital comprising Shares or rights or warrants in respect of, or securities convertible into or exchangeable for, two or more classes of share capital comprising Shares, then, for the purposes of this Condition, the formula:

$$NCP - OCP\ x\ \frac{N + v}{N\ x\ n}$$

shall be restated as:

$$NCP - OCP\ x\ \frac{N + v1 + v2 + v3}{N\ x\ n1\ n2\ n3}$$

where v1 and n1 shall have the same meanings as "v" and "n" but by reference to one class of Shares, v2 and n2 shall have the same meanings as "v" and "n" but by reference to a second class of Shares, v3 and n3 shall have the same meanings as "v" and "n" but by reference to a third class of Shares and so on.

6.3.15 *Current Market Price per Share*: For the purposes of these Conditions, the "**Current Market Price**" per Share on any date means the average of the daily Closing Prices (as defined below) of the relevant Shares for the 10 consecutive Trading Days (as defined below) before such date. If the Issuer has more than one class of share capital comprising Shares, then the relevant Current Market Price for Shares shall be the price for that class of Shares the issue of which (or of rights or warrants in respect of, or securities convertible into or exchangeable for, that class of Shares) gives rise to the adjustment in question.

If during the said 10 consecutive Trading Days or any period thereafter up to but excluding the date as of which the adjustment of the Conversion Price in question shall be effected, any event (other than the event which requires the adjustment in question) shall occur which gives rise to a separate adjustment to the Conversion Price under the provisions of these Conditions, then the Current Market Price as determined above shall be adjusted in such manner and to such extent as an Independent Financial Institution shall in its absolute discretion deem appropriate and fair to compensate for the effect thereof.

For the purposes of this Condition 6.3.15:

the "**Closing Price**" of the Shares for each Trading Day shall be the last reported transaction price of the Shares on NSE for such day or, if no transaction takes place on such day, the average of the closing bid and offered prices of Shares for such day as furnished by a leading independent securities firm licensed to trade on NSE selected from time to time by the Issuer and notified to the Trustee for the purpose; and

"**Trading Day**" means a day when NSE is open for business, but does not include a day when (a) no such last transaction price or closing bid and offered prices is/are reported and

(b) (if the Shares are not listed or admitted to trading on such exchange) no such closing bid and offered prices are furnished as aforesaid.

If the Shares are no longer listed on NSE and have been listed on another stock exchange as required by Condition 6.5.4, references in the above definitions to NSE will be taken as references to that stock exchange.

6.3.16 *Consideration* receivable *by the Issuer*: For the purposes of any calculation of the consideration receivable by the Issuer pursuant to Conditions 6.3.5, 6.3.6, 6.3.7, 6.3.8, 6.3.9, 6.3.10 and 6.3.11 above, the following provisions shall be applicable:

(a) in the case of the issue of Shares for cash, the consideration shall be the amount of such cash, provided that in no such case shall any deduction be made for any commissions or any expenses paid or incurred by the Issuer for any underwriting of the issue or otherwise in connection therewith;

(b) in the case of the issue of Shares for a consideration in whole or in part other than cash, the consideration other than cash shall be deemed to be the fair value thereof as determined by an Independent Financial Institution or, if pursuant to applicable law of India such determination is to be made by application to a court of competent jurisdiction, as determined by such court or an appraiser appointed by such court, irrespective of the accounting treatment thereof;

(c) in the case of the issue (whether initially or upon the exercise of rights or warrants) of securities convertible into or exchangeable for Shares, the aggregate consideration receivable by the Issuer shall be deemed to be the consideration received by the Issuer for such securities and (if applicable) rights or warrants plus the additional consideration (if any) to be received by the Issuer upon (and assuming) the conversion or exchange of such securities at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) such conversion or exchange at the initial conversion or exchange price or rate and (if applicable) the exercise of such rights or warrants at the initial subscription or purchase price;

(d) in the case of the issue of rights or warrants to subscribe for or purchase Shares, the aggregate consideration receivable by the Issuer shall be deemed to be the consideration received by the Issuer for any such rights or warrants plus the additional consideration to be received by the Issuer upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price (the consideration in each case to be determined in the same manner as provided in this Condition 6.3.16) and the consideration per Share receivable by the Issuer shall be such aggregate consideration divided by the number of Shares to be issued upon (and assuming) the exercise of such rights or warrants at the initial subscription or purchase price;

(e) if any of the consideration referred to in any of the preceding paragraphs of this Condition 6.3.16 is receivable in a currency other than Rupees, such consideration shall (in any case where there is a fixed rate of exchange between the Rupees and the relevant currency for the purposes of the issue of the Shares, the conversion or exchange of such securities or the exercise of such rights or warrants) be translated into Rupees for the purposes of this Condition 6.3.16 at such fixed rate of exchange and shall (in all other cases) be translated into Rupees at the mean of the exchange rate quotations (being quotations for the cross rate through U.S. dollars if no direct rate is quoted) by a leading bank in India for buying and selling spot units of the relevant currency by telegraphic

transfer against Rupees on the date as of which the said consideration is required to be calculated as aforesaid; and

(f) in the case of the issue of Shares (including, without limitation, to employees under any employee bonus or profit sharing arrangements) credited as fully paid out of retained earnings or capitalisation of reserves at their par value, the aggregate consideration receivable by the Issuer shall be deemed to be zero (and accordingly the number of Shares which such aggregate consideration receivable by the Issuer could purchase at the relevant Current Market Price per Share shall also be deemed to be zero).

6.3.17 *Cumulative adjustments*: If, at the time of computing an adjustment (the "**later adjustment**") of the Conversion Price pursuant to any of Conditions 6.3.2, 6.3.5, 6.3.6, 6.3.9, 6.3.10 and 6.3.11 above, the Conversion Price already incorporates an adjustment made (or taken or to be taken into account pursuant to the proviso to Condition 6.3.18) to reflect an issue of Shares or of securities convertible into or exchangeable for Shares or of rights or warrants to subscribe for or purchase Shares or securities, to the extent that the number of such Shares or securities taken into account for the purposes of calculating such adjustment exceeds the number of such Shares in issue at the time relevant for ascertaining the number of outstanding Shares for the purposes of computing the later adjustment, such excess Shares shall be deemed to be outstanding for the purposes of making such computation.

6.3.18 *Minor adjustments*: No adjustment of the Conversion Price shall be required if the adjustment would be less than Rs.1; provided that any adjustment which by reason of this Condition 6.3.18 is not required to be made shall be carried forward and taken into account (as if such adjustment had been made at the time when it would have been made but for the provisions of this Condition 6.3.18) in any subsequent adjustment. All calculations under this Condition 6.3 shall be made to the nearest Rs.1 with Rs.0.5 being rounded up to the next Rs.1.

6.3.19 *Minimum Conversion Price*: Notwithstanding the provisions of this Condition 6.3, the Issuer covenants that (a) the Conversion Price shall not be reduced below the par value of the Shares (Rs.1 as at the date hereof) as a result of any adjustment made hereunder unless under applicable law then in effect, Bonds may be converted at such reduced Conversion Price into legally issued, fully-paid and non-assessable Shares and (b) it will not take any corporate or other action which is primarily for the purpose of reducing the Conversion Price, when calculated pursuant to Conditions 6.3.1 to 6.3.14, to below (i) the Floor Price or (ii) the level permitted by applicable Indian regulatory authorities (if any).

6.3.20 *Reference to "fixed"*: Any references herein to the date on which a consideration is "fixed" shall, where the consideration is originally expressed by reference to a formula which cannot be expressed as an actual cash amount until a later date, be construed as a reference to the first day on which such actual cash amount can be ascertained.

6.3.21 *Upward adjustment*: No adjustment involving an increase in the Conversion Price will be made, except in the case of a consolidation of the Shares, as referred to in Condition 6.3.1.

6.3.22 *Trustee not obliged to monitor*: The Trustee shall not be under any duty to monitor whether any event or circumstance has happened or exists within Condition 6.3 and will not be responsible to the Issuer, any Bondholder or any other person for any loss arising from any failure by it to do so.

6.3.23 *Employee share option scheme*: Notwithstanding any provision of this Condition 6, no adjustment will be made to the Conversion Price where Shares or other securities (including rights or options) are issued, offered, allotted, appropriated, modified or granted to or for the benefit of employees or former employees (including directors) of

the Issuer or its Subsidiaries, or persons related to such employees (including directors) or former employees, directly or indirectly, pursuant to any employee stock option scheme or plan generally or as required by law ("**Share Scheme Shares/Options**"), except to the extent that such issues result in the issue of Shares in excess of 1.0 per cent. of the average number of issued and outstanding Shares of the Issuer during the 12 months period up to and including the date of the grant of such Share Scheme Shares/Options, in which case only such portion of the grant or issue of Share Scheme Shares/Options that exceeds 1.0 per cent. of the average number of issued and outstanding Shares of the Issuer during the relevant 12 months period up to the grant shall be taken into account in determining adjustment of the Conversion Price pursuant to Condition 6.

6.4 Adjustments to the Conversion Price upon a Conversion Price Adjustment Event

If a Conversion Price Adjustment Event (as defined in Condition 8.4.5) shall occur at any time after 10 December 2024, the Issuer shall give notice of that fact to the Bondholders (the "**Conversion Price Adjustment Event Notice**") in accordance with Condition 16 within seven days after it becomes aware of such Conversion Price Adjustment Event (with a copy to the Trustee). Following the giving of a Conversion Price Adjustment Event Notice, upon any exercise of Conversion Rights such that the relevant Conversion Date falls within 30 days following a Conversion Price Adjustment Event, or, if later, 30 days following the date on which the Conversion Price Adjustment Event Notice is given to Bondholders (such period, the "**Conversion Price Adjustment Event Conversion Period**"), the Conversion Price shall be adjusted in accordance with the following formula:

$$NCP = \frac{OCP}{1 = (CP\ x\ clt)}$$

where:

NCP and OCP have the meanings ascribed thereto in Condition 6.3.2 above. For the avoidance of doubt,

OCP for the purposes of this Condition 6.4 shall be the Conversion Price applicable on the relevant Conversion Date in respect of any conversion pursuant to this Condition 6.4.

Conversion Premium ("**CP**") means 10.00 per cent. expressed as a fraction.

c means the number of days from and including the first day of the Conversion Price Adjustment Event Conversion Period to but excluding the Maturity Date.

t means the number of days from and including the Issue Date to but excluding the Maturity Date.

If the last day of a Conversion Price Adjustment Event Conversion Period shall fall during a Restricted Transfer Period, the Conversion Price Adjustment Event Conversion Period shall be extended such that its last day will be the fifteenth day following the last day of the Restricted Transfer Period.

6.5 Undertakings

6.5.1 The Issuer covenants to keep available, (i) free from pre-emptive or other similar rights, out of its authorised but unissued share capital such number of Shares; and (ii) such headroom out of its maximum permitted foreign investment limit in relation to its Shares as applicable from time to time, such as would be required to be issued to the Bondholders (or their respective nominees) on the exercise of their Conversion Rights from time to time with respect to the Bonds remaining outstanding from time to time and to satisfy in full all other rights of conversion into or exchangeable for Shares.

6.5.2 The Issuer has undertaken in the Trust Deed, *inter alia*, that so long as any Bond remains outstanding, save with the approval of an Extraordinary Resolution (as defined in the Trust Deed) of the Bondholders or with the prior written approval of the Trustee where, in the opinion of the Trustee, it is not materially prejudicial to the interests of Bondholders to give such approval:

(a) it will use its best endeavours (i) to maintain a listing for all the issued Shares on the Indian Stock Exchanges, (ii) to obtain and maintain a listing for all the Shares issued on the exercise of the Conversion Rights attaching to the Bonds on the Indian Stock Exchanges and (iii) if the Issuer is unable to obtain or maintain such listing, to obtain and maintain a listing for all the Shares issued on the exercise of such Conversion Rights on an alternative stock exchange (such exchange, an "**Alternative Stock Exchange**") as the Issuer may from time to time determine and will forthwith give notice to the Trustee and to the Bondholders in accordance with Condition 16 below of the listing or delisting of the Shares (as a class) by any of such stock exchanges;

(b) it will pay the expenses of the issue of, and all expenses of obtaining listing for, Shares arising on conversion of the Bonds;

(c) it will not make any reduction of its ordinary share capital or any uncalled liability in respect thereof or of any share premium account or capital redemption reserve fund (except, in each case, as permitted by applicable law).

6.5.3 In the Trust Deed, the Issuer has undertaken with the Trustee that so long as any Bond remains outstanding:

(a) it will reserve, free from any other pre-emptive or other similar rights, out of its authorised but unissued ordinary share capital the full number of Shares liable to be issued on conversion of the Bonds (including as a result of any adjustments to the Conversion Price as set out in Condition 6.3 and Condition 6.4) without breaching any foreign ownership restrictions in India applicable to the Shares and will ensure that all Shares will be duly and validly issued as fully-paid; and

(b) it will not make any offer, issue or distribute or take any action the effect of which would be to reduce the Conversion Price below the par value of the Shares of the Issuer, provided always that the Issuer shall not be prohibited from purchasing its Shares to the extent permitted by law.

6.5.4 The Issuer has also given certain other undertakings in the Trust Deed for the protection of the Conversion Rights.

The Shares issued upon conversion of Bonds are expected to be listed on BSE and NSE and will be tradable on such stock exchange once listed thereon, which is expected to occur within 10 Trading Days of the relevant Conversion Date. The Issuer will make due application in respect of such listing within three Trading Days following the relevant Conversion Date. If there is any delay in obtaining the approval of BSE and NSE to list such Shares, they shall not be tradable on BSE and NSE until the listing on such stock exchange occurs.

6.6 Notice of change in Conversion Price

The Issuer shall give notice to the Bondholders, the Trustee and the Agents in accordance with Condition 16 of any change in the Conversion Price. Any such notice relating to a change in the Conversion Price shall set forth the event giving rise to the adjustment, the Conversion Price prior to such adjustment, the adjusted Conversion Price and the effective date of such adjustment.

Neither the Trustee nor the Agents shall be responsible for calculating, verifying or confirming any adjustment to the Conversion Price under these Conditions or the effective date of such

adjustment and will not be responsible to any Bondholder or any other person for any loss arising from any failure by it to do so.

7. PAYMENTS

7.1 Principal, interest and premium (if any)

Payment of principal, premium (if any) and interest will be made by transfer to the registered account of the relevant Bondholder. Such payment will only be made after surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Bonds due on an Interest Payment Date will be paid on the due date for the payment of interest to the holder shown on the Register at the close of business on the fifteenth day before the due date for the payment of interest (the "**Interest Record Date**"). Payments of interest on each Bond will be made by transfer to the registered account of the Bondholder.

If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register and any Certificates surrendered for payment with a record of the amount (if any) paid and the date of such payment.

When making payments to Bondholders, fractions of one U.S. dollar cent will be rounded down to the nearest U.S. dollar cent and the Issuer shall not be liable for the payment of any such fractions.

*So long as the Global Certificate is held on behalf of Euroclear and/or Clearstream and/or any other clearing system, each payment in respect of the Global Certificate will be made to the person shown as the holder in the Register at the close of business of the relevant clearing system on the Clearing System Business Day before the due date for such payment, where "**Clearing System Business Day**" means a weekday (Monday to Friday, inclusive) except 25 December and 1 January.*

7.2 Registered accounts

For the purposes of this Condition, a Bondholder's registered account means the U.S. dollar account maintained by or on behalf of it, details of which appear on the Register at the close of business on the second business day (as defined below) before the due date for payment, and a Bondholder's registered address means its address appearing on the Register at that time.

7.3 Fiscal laws

Payments will be subject in all cases to (a) any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 9 below, and (b) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "Code") or otherwise imposed pursuant to Sections 1471 through 474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or without prejudice to the provisions of Condition 9 below) any law implementing an intergovernmental approach thereto.

7.4 Payment initiation

Where payment is to be made by transfer to a registered account, payment instructions (for value on the due date or, if that is not a business day (as defined below), for value on the first following day which is a business day) will be initiated or, in the case of a payment of principal, if later, on the business day on which the relevant Certificate is surrendered at the specified office of an Agent.

7.5 Delay in payment

Bondholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a business day, if the Bondholder is late in surrendering its Certificate (if required to do so).

7.6 Business day

In this Condition, "**business day**" means a day other than a Saturday or Sunday on which commercial banks are open for business in Hong Kong, Singapore, London and New York City and, in the case of the surrender of a Certificate, in the place where the Certificate is surrendered. If an amount which is due on the Bonds is not paid in full, the Registrar will annotate the Register with a record of the amount (if any) in fact paid.

8 REDEMPTION, PURCHASE AND CANCELLATION

8.1 Maturity

Unless previously redeemed, converted or purchased and cancelled as provided herein, the Issuer will redeem each Bond at 110.82 per cent. of its principal amount on 10 December 2029 (the "**Maturity Date**"), together with accrued interest (if any) (calculated up to but excluding the Maturity Date) providing a gross yield of 9.25 per cent. per annum. The Issuer may not redeem the Bonds at its option prior to that date except as provided in Condition 8.2 or Condition 8.3 below (but without prejudice to Condition 10).

8.2 Redemption at the option of the Issuer

On giving not less than 30 nor more than 60 days' notice (an "**Optional Redemption Notice**") to the Holders, the Trustee and the Agents for such redemption, the Bonds may be redeemed by the Issuer in whole, but not in part, on the date (the "**Optional Redemption Date**") specified in the Optional Redemption Notice at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date of redemption at any time if, immediately prior to the date the relevant Optional Redemption Notice is given, the aggregate principal amount of the Bonds outstanding is less than 10 per cent. of the aggregate principal amount originally issued (which shall for this purpose include any further Bonds issued pursuant to Condition 15 and consolidated and forming a single series therewith).

ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date; such approval may or may not be forthcoming.

8.3 Redemption for taxation reasons

8.3.1 At any time the Issuer may, having given not less than 30 nor more than 60 days' notice (a "**Tax Redemption Notice**") to the Bondholders (which notice shall be irrevocable) redeem the Bonds, in whole but not in part, at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date of redemption on the date fixed for redemption (the "**Tax Redemption Date**"), if the Issuer satisfies the Trustee immediately prior to the giving of such notice that (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 9 as a result of any change in, or amendment to, the laws or regulations of the Republic of India or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations (including a holding by a court of competent jurisdiction), which change or amendment becomes effective on or after 10 December 2024, and (ii) such obligation cannot be avoided by the Issuer taking reasonable measures available to it, *provided that* no Tax Redemption Notice shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Bonds then due.

8.3.2 Prior to the publication of any Tax Redemption Notice pursuant to this Condition 8.3, the Issuer shall deliver to the Trustee (a) a certificate signed by two directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to

redeem have occurred, and (b) an opinion in form and substance satisfactory to the Trustee of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment.

The Trustee shall accept and rely upon such certificate and opinion (without further investigation or enquiry and without liability to any Bondholder or any other person) as sufficient evidence of the satisfaction of the circumstances set out above, in which event they shall be conclusive and binding on the Bondholders.

8.3.3 Upon the expiry of any such notice, the Issuer will be bound to redeem the Bonds, in whole but not in part, at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date on the Tax Redemption Date.

8.3.4 If the Issuer gives a Tax Redemption Notice, each Bondholder will have the right to elect that its Bond(s) shall not be redeemed and that the provisions of Condition 9 shall not apply in respect of any payment of principal, interest or premium (if any) to be made in respect of such Bond(s) which falls due after the relevant Tax Redemption Date whereupon no additional amounts shall be payable in respect thereof pursuant to Condition 9 and payment of all amounts shall be made subject to the deduction or withholding of the taxation required to be withheld or deducted by the government of India or any authority thereof or therein having power to tax. To the extent that any additional amounts are payable in respect of the Bonds as a result of existing laws or regulations in force in India or any authority thereof or therein having power to tax prior to 10 December 2024, such amounts will continue to be payable notwithstanding this Condition 8.3. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of exercise, in the form for the time being current, obtainable from the specified office of any Paying Agent together with the Certificate evidencing the Bonds on or before the day falling 10 days prior to the Tax Redemption Date.

ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date; such approval may or may not be forthcoming.

8.4 Change of Control put right

8.4.1 Following the occurrence of a Change of Control (as defined below) and to the extent permitted by applicable law, the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem in whole or in part such Bondholder's Bonds on the Change of Control Put Date (as defined below) at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date. To exercise such right, the holder of the relevant Bond must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the "**Change of Control Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed by not later than 30 days following a Change of Control, or, if later, 30 days following the date upon which notice thereof is given to Bondholders by the Issuer in accordance with Condition 16. The "Change of Control Put Date" shall be the fourteenth day after the expiry of such period of 30 days as referred to above.

8.4.2 A Change of Control Put Exercise Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Change of Control Put Exercise Notices delivered as aforesaid on the Change of Control Put Date.

8.4.3 Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred and will not be responsible to any Bondholder or any other person for any loss arising from any failure by it to do so.

8.4.4 Not later than seven days after becoming aware of a Change of Control, the Issuer shall procure that notice regarding the Change of Control shall be delivered to Bondholders (in accordance with Condition 16) stating:

(a) the Change of Control Put Date;

(b) the date of such Change of Control and, briefly, the events causing such Change of Control;

(c) the date by which the Change of Control Put Exercise Notice must be given;

(d) the redemption amount together with interest accrued but unpaid to such date (if any) and the method by which such amount will be paid;

(e) the names and addresses of all Paying Agents;

(f) briefly, the Conversion Right and the then current Conversion Price;

(g) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Change of Control put right pursuant to this Condition 8.4 or conversion right pursuant to Condition 6.4; and

(h) that a Change of Control Put Exercise Notice, once validly given, may not be withdrawn.

8.4.5 For the purposes of these Conditions:

an "**Affiliate**" has the meaning ascribed to it under Rule 501(b) of Regulation D of the Securities Act;

"**Capital Stock**" means, with respect to any person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all common stock and preferred stock, but excluding debt securities convertible into such equity;

"**Change of Control**" means the occurrence of one or more of the following events;

(i) any Person or Persons acting together (other than the Promoter and Promoter Group) acquires Control of the Issuer; or

(ii) the Issuer consolidates with or merges into or sells or transfers all or substantially all of the Issuer's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons (other than the Promoter and Promoter Group) acquiring Control over the Issuer or the successor entity;

"**Control**" means (i) the acquisition or control of more than 50 per cent. of the Voting Rights of the issued share capital of the relevant entity, or (ii) the right to appoint and/or remove all or the majority of the members of the relevant entity's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of Voting Rights, contract or otherwise;

"**Conversion Price Adjustment Event**" means the occurrence of a Change of Control or a Liquidity Event;

"**Liquidity Event**" occurs when the Promoter and Promoter Group, directly or indirectly, in aggregate hold 80 per cent. or more of the equity share capital of the Issuer;

"**Promoter and Promoter Group**" means the aggregate shareholding of (a) Mr. Sunil Agarwal and any heir, estate, lineal descendant (or spouse thereof), spouse or parent of Mr. Sunil Agarwal; or (b) any trust, corporation, partnership or other entity, of which the direct or indirect beneficiaries, equity holders, partners or owners are of the Person referred to in paragraph (a) above;

"**Voting Rights**" means the right generally to vote at a general meeting of shareholders of the Issuer (irrespective of whether or not, at the time, stock of any other class or classes shall have, or might have, voting power by reason of the happening of any contingency).

ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date; such approval may or may not be forthcoming.

8.5 Relevant Event Put Right

8.5.1 In the event that (i) the Shares cease to be listed or admitted to trading or are suspended for a period equal to or exceeding 30 consecutive Trading Days on NSE or on BSE or (ii) the Liquidity Event occurs (each of (i) and (ii), a "**Relevant Event**"), each Bondholder shall have the right (the "**Relevant Event Put Right**"), to the extent permitted under applicable law, at such Bondholder's option, to require the Issuer to redeem in whole or in part such Bondholder's Bonds on the twentieth business day after notice has been given to Bondholders regarding the Relevant Event referred to under Condition 8.5.2 below or, if such notice is not given, the twentieth business day after the Relevant Event (the "**Relevant Event Put Date**") at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such Relevant Event Put Date (the "**Relevant Event Put Price**").

8.5.2 Promptly after becoming aware of a Relevant Event, the Issuer shall procure that notice regarding the Relevant Event Put Right shall be given to Bondholders (in accordance with Condition 16), the Trustee and the Agents stating:

(a) the Relevant Event Put Date;

(b) the date of such Relevant Event and, briefly, the events causing such Relevant Event;

(c) the date by which the Purchase Notice (as defined below) must be given;

(d) the Relevant Event Put Price and the method by which such amount will be paid;

(e) the names and addresses of all Paying Agents;

(f) briefly, the Conversion Right and the then current Conversion Price;

(g) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Relevant Event Put Right or Conversion Right;

and

(h) that a Purchase Notice, once validly given, may not be withdrawn.

8.5.3 To exercise its rights to require the Issuer to purchase its Bonds, the Bondholder must deliver a written irrevocable notice of the exercise of such right (a "**Purchase Notice**"), in the then current form obtainable from the specified office of any Agent, together with the Certificate evidencing the Bonds to be redeemed, to any Paying Agent on any business day prior to the close of business at the location of such Paying Agent on such day and which day is not less than 10 business days prior to the Relevant Event Put Date.

8.5.4 A Purchase Notice, once delivered, shall be irrevocable and the Issuer shall redeem the Bonds which form the subject of the Purchase Notice delivered as aforesaid on the Relevant Event Put Date.

8.5.5 Neither the Trustee or any Agent shall be required to take any steps to ascertain whether a Relevant Event or any event which could lead to the occurrence of a Relevant Event has occurred and will not be responsible to any Bondholder or any other person for any loss arising from any failure by it to do so.

8.5.6 For the purposes of this Condition, "business day" shall mean a day on which commercial banks are open for business in Singapore, London and Mumbai and, if a notice or certificate is to be delivered to an Agent on such day, a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of such Agent is located.

ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date; such approval may or may not be forthcoming.

8.6 Redemption at the option of Bondholders

On 10 February 2028 and 10 December 2028 (each one referred to as the "**Optional Put Date**"), the holder of each Bond will have the right at such holder's option, to require the Issuer to redeem all or some only of the Bonds of such holder on the Optional Put Date at the Early Redemption Amount, together with any interest accrued but unpaid up to but excluding such Optional Put Date (if any). To exercise such right, the holder of the relevant Bond must complete, sign and deposit during normal business hours (being between 9:00 a.m. and 3:00 p.m. (in the location of the specified office of the relevant Paying Agent)) at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (a "**Optional Put Exercise Notice**") together with the Certificate evidencing the Bonds to be redeemed not earlier than 60 days and not later than 30 days prior to the Optional Put Date.

An Optional Put Exercise Notice, once delivered, shall be irrevocable (and may not be withdrawn unless the Issuer consents to such withdrawal) and the Issuer shall redeem the Bonds the subject of Optional Put Exercise Notices delivered as aforesaid on the Optional Put Date.

8.7 Redemption following exercise of a put option

Upon the exercise of any put option specified in Conditions 8.4, 8.5, 8.6 or 8.8, payment of the applicable redemption amount shall be conditional upon (a) the Issuer obtaining all approvals required by Indian law, and (b) delivery of the Bondholder's Certificate (together with any necessary endorsements) to any Paying Agent on any business day together with the delivery of any other document(s) required by these Conditions, and will be made promptly following the later of the date set for redemption and the time of delivery of such Certificate. If the Paying Agent holds on the Put Date (as defined below) money sufficient to pay the applicable redemption monies of Bonds for which notices have been delivered in accordance with the provisions hereof upon exercise of such right, then, whether or not such Certificate is delivered to the Paying Agent, on and after such Put Date, (i) such Bond will cease to be outstanding; (ii) such Bond will be deemed paid; and (iii) all other rights of the Bondholder shall terminate (other than the right to receive the applicable redemption monies). "**Put Date**" shall mean the Relevant Event Put Date, the Change of Control Put Date or the Non-Permitted Conversion Price Adjustment Event Repurchase Date, as applicable.

ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date; such approval may or may not be forthcoming.

8.8 Repurchase of Bonds in the Event of Non-Permitted Conversion Price Adjustment

8.8.1 To the extent permitted by applicable law, unless the Bonds have been previously redeemed, converted or purchased and cancelled, if an event triggering an adjustment to the Conversion Price under Condition 6.3 occurs so that the Conversion Price, when calculated pursuant to Condition 6.3, would fall below (i) the Floor Price or (ii) the level permitted by applicable Indian regulatory authorities (if any) (a "**Non-Permitted Conversion Price Adjustment Event**"), the Issuer shall, within ten business days after the occurrence of the relevant event triggering such adjustment, notify the Bondholders, the Trustee and the Agents of such Non-Permitted Conversion Price Adjustment Event, and each Bondholder shall have the right (the "**Non-Permitted Conversion Price Adjustment Event Repurchase Right**"), at such Bondholder's option, to require the Issuer to repurchase in whole or in part such Bondholder's Bonds on the date set by the Issuer for such repurchase (the "**Non-Permitted Conversion Price Adjustment Event Repurchase Date**", which shall be not less than 30 days nor more than 60 days following the date on which the Issuer notifies the Bondholders of the Non-Permitted Conversion Price Adjustment Event) at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such Non-Permitted Conversion Price Adjustment Event Repurchase Date (the "**Non-Permitted Conversion Price Adjustment Event Repurchase Price**").

8.8.2 Not later than ten business days after becoming aware of a Non-Permitted Conversion Price Adjustment Event, the Issuer shall procure that notice regarding the Non-Permitted Conversion Price Adjustment Event shall be delivered to the Bondholders, the Trustee and the Agents (in accordance with Condition 16) stating:

(a) the Non-Permitted Conversion Price Adjustment Event Repurchase Date;

(b) the date of the event triggering the Non-Permitted Conversion Price Adjustment Event and, briefly, the events causing such Non-Permitted Conversion Price Adjustment Event;

(c) the date by which the Purchase Notice must be given;

(d) the Non-Permitted Conversion Price Adjustment Event Repurchase Price and the method by which such amount will be paid;

(e) the names and addresses of all Paying Agents;

(f) briefly, the Conversion Right and the then current Conversion Price;

(g) the procedures that Bondholders must follow and the requirements that Bondholders must satisfy in order to exercise the Non-Permitted Conversion Price Adjustment Event Repurchase Right or Conversion Right; and

(h) that a Purchase Notice, once validly given, may not be withdrawn.

8.8.3 To exercise its rights to require the Issuer to purchase its Bonds, the Bondholder must deliver a Purchase Notice, in the then current form obtainable from the specified office of any Agent, together with the Certificates evidencing the Bonds to be redeemed, to any Paying Agent on any business day prior to the close of business at the location of such Paying Agent on such day and which day is not less than 10 business days prior to the Non-Permitted Conversion Price Adjustment Event Repurchase Date.

8.8.4 A Purchase Notice, once delivered, shall be irrevocable and the Issuer shall repurchase the Bonds which form the subject of the Purchase Notice delivered as aforesaid on the Non-Permitted Conversion Price Adjustment Event Repurchase Date.

8.8.5 Neither the Trustee nor any Agent shall be required to take any steps to ascertain whether a Non-Permitted Conversion Price Adjustment Event or any event which could lead to the occurrence of a Non-Permitted Conversion Price Adjustment Event has

occurred and will not be responsible to any Bondholder or any other person for any loss arising therefrom.

8.8.6 For the purposes of this Condition, "business day" shall mean a day on which commercial banks are open for business in Hong Kong and Mumbai and, if a notice or certificate is to be delivered to an Agent on such day, a day other than a Saturday or Sunday on which banks are open for business in the city in which the specified office of such Agent is located.

ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date; such approval may or may not be forthcoming.

8.9 Early Redemption Amount

For the purpose of the Conditions:

"**Early Redemption Amount**" of a Bond, for each U.S.$1,000 in principal amount of Bonds, is determined so that it represents for the Bondholder on the relevant redemption date (the "**Determination Date**") a gross yield of 9.25 per cent. on an annual basis if purchased at the price at which the Bonds will be issued on or about 10 December 2024. The applicable Early Redemption Amount for each U.S.$1,000 in principal amount of Bonds is calculated on an annual basis in accordance with the following formula, rounded (if necessary) to two decimal places with 0.005 being rounded upwards (provided that if the date fixed for redemption is the semi-annual date (as set out below), such Early Redemption Amount shall be as set out in the table below in respect of such semi-annual date):

Early Redemption Amount = Previous Redemption Amount x (1 + r/2)^(d/p) - AI

Where:

Previous Redemption Amount = Early Redemption Amount for each US$1,000 principal amount on the semi-annual date immediately preceding the date fixed for redemption as set out below (or if the Bonds are to be redeemed prior to 10 June 2025, U.S.$1,000).

Semi-Annual Date	**Early Redemption Amount (US$)**
10 June 2025	1008.75
10 December 2025	1017.90
10 June 2026	1027.48
10 December 2026	1037.50
10 June 2027	1047.99
10 December 2027	1058.96
10 June 2028	1070.43
10 December 2028	1082.44
10 June 2029	1095.01
10 December 2029	1108.15

r = 9.25 per cent. expressed as a fraction

d = number of days from and including the immediately preceding semi-annual date (or if the Bonds are to be redeemed on or before 10 June 2025, from and including the Issue Date) to, but excluding, the date fixed for redemption, calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed.

P = 180

AI= the accrued interest on the principal amount of U.S.$1,000 of a Bond determined in accordance with and pursuant to Condition 5 from and including the immediately preceding Interest Payment Date (or if the Determination Date is before the first Interest Payment Date, from and including the Issue Date) to but excluding the Determination Date.

Upon calculation of the Early Redemption Amount and/or Redemption Premium, the Issuer shall notify the Agents and the Trustee of the same, who shall be entitled to rely on such calculation without any obligation or duty to confirm its accuracy. The Trustee and the Agents shall not be liable for any non-fulfilment of their duties hereunder should the Issuer fail to notify them of such amounts in a timely manner.

8.10 Purchases

The Issuer or any of its Subsidiaries may, if permitted under the laws of India, at any time and from time to time purchase Bonds at any price in the open market or otherwise.

8.11 Cancellation

All Bonds so redeemed or converted or purchased by the Issuer or any of its Subsidiaries shall be cancelled and may not be reissued or resold.

8.12 Redemption notices

All notices to Bondholders given by or on behalf of the Issuer pursuant to this Condition will be given in accordance with Condition 16, and specify the Conversion Price for such Bonds as at the date of the relevant notice, the closing price of the Shares (as quoted on NSE) as at the latest practicable date prior to the publication of the notice, the applicable redemption amount, together with the interest (if any) accrued but unpaid, the date for redemption, the manner in which redemption will be effected and the aggregate principal amount of the Bonds outstanding as at the latest practicable date prior to the publication of such notice. Neither the Trustee nor the Agents shall be responsible for calculating or verifying any calculations of any amounts payable under these Conditions and will not be responsible to any Bondholder or any other person for any loss arising from any failure by it to do so.

9 TAXATION

9.1 All payments of principal and interest in respect of the Bonds by or on behalf of the Issuer shall be made free and clear of, and without withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the Republic of India (collectively, the "Taxes") or any political subdivision therein or any authority therein or thereof having power to tax, unless the withholding or deduction of such Taxes is required by law. In that event, the Issuer shall pay such additional amounts ("Additional Amounts") as will result in receipt by the Bondholders after such withholding or deduction of such amounts as would have been received by them had no such withholding or deduction been required, except that no such Additional Amounts shall be payable in respect of any Bond:

9.1.1 held by or on behalf of a Holder which is liable to such taxes, duties, assessments or governmental charges in respect of such Bond by reason of its having some connection with the jurisdiction by which such taxes, duties, assessments or charges have been imposed, levied, collected, withheld or assessed other than the mere holding of the Bond;

or

9.1.2 where the relevant Bond is presented or surrendered for payment more than 30 days after the Relevant Date except to the extent that the Holder of such Bond would have been

entitled to such Additional Amounts on presenting or surrendering such Bond for payment on the last day of such period of 30 days.

9.2 **If the Issuer becomes subject at any time to any taxing jurisdiction other than the Republic of** India, references in these Conditions to the Republic of India shall be construed as references to the Republic of India and/or such other jurisdiction.

9.3 For the purposes hereof, "Relevant Date" means (i) in respect of any payment other than a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Bondholders in accordance with Condition 16, and (ii) in respect of a sum to be paid by the Issuer in a Winding-Up of the Issuer, the date which is one day prior to the date on which an order is made or a resolution is passed for the Winding-Up of the Issuer. "Winding-Up of the Issuer" means a final order or judgment of a court or tribunal of competent jurisdiction is made for the winding-up or liquidation of the Issuer.

9.4 The Issuer has in the Trust Deed agreed, subject to receipt of reasonably appropriate written evidence in respect thereof, to indemnify any Bondholder (or any person having a beneficial interest therein), other than a Bondholder who is liable to Indian tax by reason of his having a connection with India, apart from the mere holding of a Bond, to compensate and indemnify, defend and hold harmless each Bondholder and its officers, directors, employees, agents and authorised representatives (if any) from and against any and all Taxes and any resultant losses, liabilities, damages, demands, expenses (including interests and penalties with respect thereto, out-of-pocket expenses and reasonable attorneys' and accountants' fees), claims, assessments, interest and penalties, based upon or, arising out of, or in relation to or in connection with amounts payable by the Issuer to the Bondholder pursuant to Bondholder's investment in the Bonds in respect of the interest income (including the difference between issue price and redemption price). This indemnity provided by the Issuer in this Condition 9.4 shall include any Taxes that a Bondholder may be required or be liable to pay to the Republic of India as a result of the Bonds being issued at an amount below 100 per cent. of the principal amount of the Bonds. For the avoidance of doubt, this indemnity shall survive any redemption of the Bonds in accordance with these Conditions and shall remain in full force and effect. For the avoidance of doubt, such indemnity as provided by the Issuer pursuant to Condition 9 (Taxation) shall survive any redemption of the Bonds in accordance with the Conditions and shall remain in full force and effect. The Trustee acknowledges that in accordance with the prevailing regulations of the RBI (including without limitation pursuant to the ECB Guidelines), the Issuer may be required to obtain the prior approval of the RBI before making any payment under this indemnity, and such approval may not be forthcoming.

9.5 Neither the Trustee nor any Agent shall be responsible for paying Taxes or other payment referred to in this Condition 9 or for determining whether such amounts are payable or the amount thereof, and none of them shall be responsible or liable for any failure by the Issuer, any Bondholder(s) or any third party to pay such Taxes or other payment in any jurisdiction or to provide any notice or information to the Trustee or any Agent that would permit, enable or facilitate the payment of any principal, interest or other amount under or in respect of the Bonds without deduction or withholding for or on account of any Taxes or other payment imposed by or in any jurisdiction.

9.6 For the avoidance of doubt, whenever these Conditions mention the payment of amounts based on the principal amount, interest of any other amount payable under, or with respect to, any of the Bonds, such mention shall be deemed to include the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

10 EVENTS OF DEFAULT

10.1 If any of the following events (each, an "Event of Default") occurs, then the Trustee at its discretion may and, if so requested in writing by Bondholders of at least one quarter of the aggregate principal amount of the outstanding Bonds or if so directed by an Extraordinary Resolution, shall (subject to the Trustee having been indemnified and/or pre-funded and/or provided with security to its satisfaction) give written notice to the Issuer declaring the Bonds to be immediately due and payable, whereupon they shall become immediately due and payable at the Early Redemption Amount, together with interest (if any) accrued but unpaid to such date (subject as provided below and without prejudice to the right of Bondholders to exercise the Conversion Right in respect of their Bonds in accordance with Condition 6):

10.1.1 Non-payment: the Issuer fails to pay any amount of principal in respect of the Bonds on the due date for payment thereof or fails to pay any amount of interest in respect of the Bonds on the due date for payment thereof;

10.1.2 Failure to deliver Shares: the Issuer fails to deliver the Shares as and when such Shares are required to be delivered following conversion of a Bond in accordance with these Conditions;

10.1.3 Breach of other obligations: the Issuer defaults in the performance or observance of any of its other obligations under or in respect of the Bonds or the Trust Deed and such default (i) is incapable of remedy or (ii) if capable of remedy, remains unremedied for 30 days after the Trustee has given written notice thereof to the Issuer;

10.1.4 Cross-default of Issuer or Subsidiary:

(a) any Indebtedness of the Issuer or any of its Subsidiaries is not paid when due or (as the case may be) within any originally applicable grace period;

(b) any such Indebtedness becomes (or becomes capable of being declared) due and payable prior to its stated maturity otherwise than at the option of the Issuer or (as the case may be) the relevant Subsidiary or (provided that no event of default, howsoever described, has occurred) any Person entitled to such Indebtedness; or

(c) the Issuer or any of its Subsidiaries fails to pay when due any amount payable by it under any Guarantee of any Indebtedness;

provided that the amount of Indebtedness referred to in sub-paragraph (a) and/or sub-paragraph (b) above and/or the amount payable under any Guarantee referred to in sub-paragraph (c) above individually or in the aggregate exceeds US$5,000,000 (or its equivalent in any other currency or currencies);

10.1.5 Unsatisfied judgment: one or more judgment(s) or order(s) for the payment of any amount is rendered against the Issuer or any of its Subsidiaries and continue(s) unsatisfied and unstayed for a period of 30 days after the date(s) thereof or, if later, the date therein specified for payment;

10.1.6 Security enforced: a secured party takes possession, or a receiver, manager or other similar officer is appointed, of the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries;

10.1.7 Insolvency etc.: (i) the Issuer or any of its Subsidiaries becomes insolvent or is unable to pay its debts as they fall due, (ii) an application or petition is filed, or any other steps are taken by any of its creditors in relation to the Issuer and/or any of its Subsidiaries, for the initiation of insolvency resolution process or liquidation under the Insolvency and Bankruptcy Code, 2016, against the Issuer and/or any of its Subsidiaries, which has not been withdrawn or dismissed within 10 days of filing of such application, (iii) an

administrator or liquidator is appointed (or application for any such appointment is made) in respect of the Issuer or any of its Subsidiaries or the whole or any part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries, (iv) the Issuer or any of its Subsidiaries takes any action for a readjustment or deferment of any of its obligations or makes a general assignment or an arrangement or composition with or for the benefit of its creditors or declares a moratorium in respect of any of its Indebtedness or any Guarantee of any Indebtedness given by it, or (v) the Issuer or any of its Subsidiaries ceases or threatens to cease to carry on all or any substantial part of its business (otherwise than, in the case of a Subsidiary of the Issuer for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent);

10.1.8 Winding up etc.: an order is made or an effective resolution is passed for the winding up, liquidation or dissolution of the Issuer or any of its Subsidiaries (otherwise than, in the case of a Subsidiary of the Issuer, for the purposes of or pursuant to an amalgamation, reorganisation or restructuring whilst solvent);

10.1.9 Analogous event: any event occurs which under the laws of the Republic of India has an analogous effect to any of the events referred to in Conditions 10.1.5 to 10.1.8 above;

10.1.10 Failure to take action etc.: any action, condition or thing at any time required to be taken, fulfilled or done in order (i) to enable the Issuer lawfully to enter into, exercise their respective rights and perform and comply with their respective obligations under and in respect of the Bonds or the Trust Deed, (ii) to ensure that those obligations are legal, valid, binding and enforceable and (iii) to make the Bonds and the Trust Deed admissible in evidence in the courts of the Republic of India is not taken, fulfilled or done;

10.1.11 Unlawfulness: it is or will become unlawful for the Issuer to perform or comply with any of its obligations under or in respect of the Bonds or the Trust Deed;

10.1.12 Government intervention: (i) all or any substantial part of the undertaking, assets and revenues of the Issuer or any of its Subsidiaries is condemned, seized or otherwise appropriated by any person acting under the authority of any national, regional or local government or (ii) the Issuer or any of its Subsidiaries is prevented by any such person from exercising normal control over all or any substantial part of its undertaking, assets and revenues;

10.1.13 Failure to create the Collateral or failure of any Collateral Document to provide security: except as expressly permitted by the applicable Collateral Documents and the Trust Deed, (i) any Collateral Document at any time for any reason shall cease to be in full force and effect in all material respects, or (ii) any Collateral Document shall cease to give the Onshore Security Trustee on behalf of the Trustee and the Bondholders a first ranking exclusive security interest (to the extent required by the Trust Deed and the Collateral Documents) in any Collateral or the rights, powers, privileges and priority purported to be created thereby, or (iii) any breach of requirements in relation to the Collateral under the Collateral Documents, and such failure continues unremedied for 30 consecutive days after the earlier of (i) the Issuer obtaining knowledge thereof or (ii) the Trustee or the Onshore Security Trustee giving written notice thereof to the Issuer; or

10.1.14 Contestation of the effectiveness, validity, binding nature or enforceability of any of the Trust Deed or Collateral Documents or misrepresentation: (i) the Issuer or any of its Subsidiaries, directly or indirectly, contests the effectiveness, validity, binding nature or enforceability of the Trust Deed or any Collateral Document or (ii) any representation or warranty made by the Issuer or any of its Subsidiaries in any Collateral Document fails to be true in all material respects and such failure continues unremedied for 30 consecutive days after the Trustee has given written notice thereof to the Issuer.

For the purposes of these Conditions:

"**Guarantee**" means, in relation to any Indebtedness of any Person, any obligation of another Person to pay such Indebtedness including (without limitation):

(a) any obligation to purchase such Indebtedness;

(b) any obligation to lend money, to purchase or subscribe shares or other securities or to purchase assets or services in order to provide funds for the payment of such Indebtedness;

(c) any indemnity against the consequences of a default in the payment of such Indebtedness;

and

(d) any other agreement to be responsible for such Indebtedness;

"**Indebtedness**" means any indebtedness of any Person for money borrowed or raised including (without limitation) any indebtedness for or in respect of:

(a) amounts raised by acceptance under any acceptance credit facility;

(b) amounts raised under any note purchase facility;

(c) the amount of any liability in respect of leases or hire purchase contracts which would, in accordance with applicable law and generally accepted accounting principles, be treated as finance or capital leases; and

(d) amounts raised under any other transaction (including, without limitation, any forward sale or purchase agreement) having the commercial effect of a borrowing;

"**Indian GAAP**" means generally accepted accounting principles in India, including the accounting standards specified under Section 133 of the Companies Act, 2013, read with the Companies (Accounts) Rules, 2014, as amended;

"**Ind AS**" means the Indian accounting standards as specified under Section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standard) Rules, 2015, as amended;

"**INR**" means Indian Rupees, the lawful currency of the Republic of India;

"**Person**" means any individual, company, corporation, firm, partnership, joint venture, association, organisation, state or agency of a state or other entity, whether or not having separate legal personality; and

"**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(a) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(b) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person (but shall not include any entity accounted for as an "associate" under Indian GAAP).

10.2 If the Bonds have become due and payable pursuant to Condition 10.1, notwithstanding Condition 6.1 and receipt of any payment after the acceleration of the Bonds and provided that

no Conversion Notice has been delivered pursuant to Condition 6.2.1, a Bondholder may exercise its Conversion Right by depositing a Conversion Notice with a Conversion Agent or Paying Agent during the period from and including the date of a default notice with respect to an event specified in Condition 10.1 (at which time the Issuer will notify the Bondholders of the number of Shares per Bond to be delivered upon conversion, assuming all the then outstanding Bonds are converted) to and including the close of business on the date upon which the full amount of the moneys payable in respect of such Bond has been duly received by the Principal Paying Agent or the Trustee and notice of such receipt has been duly given.

If any converting Bondholder deposits a Conversion Notice pursuant to this Condition 10 on the business day prior to, or during, a Closed Period, the Bondholder's Conversion Right shall continue until the business day following the last day of the Closed Period, which shall be deemed the Conversion Date, for the purposes of such Bondholder's exercise of its Conversion Right pursuant to this Condition 10.

Save as provided below, if the Conversion Right attached to any Bond is exercised pursuant to this Condition 10, the Issuer will deliver Shares (which number will be disclosed to such Bondholder as soon as practicable after the Conversion Notice is given) in accordance with these Conditions, except that the Issuer shall have 12 business days before it is required to register the converting Bondholder (or its designee) in its register of members as the owner of the number of Shares to be delivered pursuant to this Condition and an additional five business days from such registration date to make payment in accordance with the following paragraph.

If the Conversion Right attached to any Bond is exercised pursuant to this Condition 10, the Issuer shall, at the request of the converting Bondholder (who shall deliver to the Conversion Agent a notice of exercise of such option in writing), in lieu of delivery of the relevant Shares, determine and pay to such Bondholder an amount in U.S. dollars (converted from Rupees at the Prevailing Rate (as defined below)) (the "**Default Cure Amount**"), equal to the product of (x) (i) the number of Shares that are required to be delivered by the Issuer to satisfy the Conversion Right in relation to such converting Bondholder minus (ii) the number of Shares that are actually delivered by the Issuer pursuant to such Bondholders' Conversion Notice and (y) the Share Price (as defined below) on the Conversion Date; provided that if such Bondholder has received any payment under the Bonds pursuant to this Condition 10, the amount of such payment shall be deducted from the Default Cure Amount. Payment of the Default Cure Amount shall be paid to the converting Bondholder on the third business day (as defined in Condition 7.6) following the date on which notice of exercise of the option to receive the Default Cure Amount is delivered.

The "**Prevailing Rate**" for a day means the FX rate (INR per U.S.$1.00) based on RBI Reference Rate on any such day.

The "**Share Price**" means the closing price of the Shares as quoted by NSE or, as the case may be, Alternative Stock Exchange on the Conversion Date or, if no reported sales take place on such date, the average of the reported closing bid and offered prices, in either case as reported by NSE or other applicable securities exchange on which the Shares are listed for such day as furnished by a reputable and independent broker-dealer selected from time to time by the Issuer and notified to the Trustee at the expense of the Issuer for such purpose.

ECB Guidelines at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the Maturity Date; such approval may or may not be forthcoming.

11 PRESCRIPTION

Claims for principal and interest on redemption in respect of the Bonds shall become void unless made within 10 years from the relevant date for payment.

12 ENFORCEMENT

The Trustee may at any time, at its discretion and without notice, institute such actions, steps or proceedings as it thinks fit to enforce its rights under the Trust Deed in respect of the Bonds and the Collateral Documents, but it shall not be bound to do so unless:

12.1 it has been so requested in writing by the Bondholders of at least one quarter of the aggregate principal amount of the outstanding Bonds or has been so directed by an Extraordinary Resolution; and

12.2 it has been indemnified and/or provided with security and/or pre-funded to its satisfaction.

No Bondholder may proceed directly against the Issuer unless the Trustee, having become bound to do so, fails to do so within a reasonable time and such failure is continuing.

13 MEETINGS OF BONDHOLDERS; MODIFICATION AND WAIVER

13.1 Meetings

The Trust Deed contains provisions for convening meetings of Bondholders (and for passing written resolutions or electronic consents) to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provision of the Agency Agreement or the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if requested in writing by holders holding not less than one-tenth in aggregate principal amount of the Bonds for the time being outstanding and is subject to the Trustee being indemnified and/or pre-funded and/or secured to its satisfaction against all costs and expenses. The quorum for any meeting convened to consider an Extraordinary Resolution will be two or more persons holding or representing one more than half of the aggregate principal amount of the Bonds for the time being outstanding, or at any adjourned meeting, two or more persons being or representing Bondholders whatever the principal amount of the Bonds so held or represented, unless the business of such meeting includes consideration of proposals, (i) to modify the circumstances in which the Issuer is entitled to redeem or purchase the Bonds, (ii) to reduce or cancel the principal amount of the Bonds or to reduce the amount payable on redemption or purchase of the Bonds, (iii) to change any date fixed for payment of principal or interest in respect of the Bonds, (iv) to reduce or cancel the amount of principal or interest payable on any date in respect of the Bonds (v) to modify the provisions relating to subordination of the Bonds, (vi) to alter the method of calculating the amount of any payment in respect of the Bonds on redemption or maturity or the date for any such payment; (vii) to change the currency of the denomination of the Bonds or of any payment in respect of the Bonds including the due dates for payment of principal and interest, (viii) to change the governing law of the Bonds, the Trust Deed or the Agency Agreement, (ix) to modify or discharge the Security Interests over the Collateral (except as permitted under these Conditions, the Trust Deed and the Collateral Documents), (x) to modify the provisions concerning the quorum required at any meeting of Bondholders or the majority required to pass an Extraordinary Resolution or (xi) to sanction the exchange or substitution for the Bonds of, or the conversion of the Bonds into, shares, notes, or other obligations or securities of the Issuer or any other entity (each a "**Reserved Matter**"), in which case the necessary quorum will be two or more persons holding or representing not less than three-quarters, or at any adjourned meeting not less than one-quarter, in aggregate principal amount of the Bonds for the time being outstanding. Any Extraordinary Resolution duly passed by the Bondholders shall be binding on all Bondholders (whether or not they were present at any meeting at which such resolution was passed and whether or not they voted on such resolution).

The Trust Deed provides that a resolution in writing signed by or on behalf of all Bondholders who for the time being are entitled to receive notice of a meeting of Bondholders under the Trust Deed will take effect as if it were an Extraordinary Resolution. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Bondholders.

13.2 Modification of the Trust Deed

The Trustee may (but shall not be obliged to), from time to time and at any time without any consent or sanction of the Bondholders concur with the Issuer in making (a) any modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds, the Collateral Documents or the Conditions (other than in respect of Reserved Matters) which in the sole and absolute opinion of the Trustee it may be proper to make provided the Trustee is of the opinion that such modification will not be materially prejudicial to the interests of the Bondholders or (b) any modification to the Trust Deed, any trust deed supplemental to the Trust Deed, the Agency Agreement, any agreement supplemental to the Agency Agreement, the Bonds, the Collateral Documents or the Conditions if in the opinion of the Trustee such modification is of a formal, minor or technical nature or made to correct a manifest error or an error, which, in the opinion of the Trustee, is proven. Any such modification shall be binding on the Bondholders and, unless the Trustee otherwise requires, the Issuer shall cause such modification to be notified to the Bondholders as soon as practicable thereafter in accordance with the Conditions.

Any such modification, authorisation, waiver or determination shall be binding on the Bondholders and, if the Trustee so requires, shall be notified to the Holders as soon as practicable thereafter in accordance with Condition 16.

13.3 Entitlement of Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition 13) the Trustee shall have regard to the interests of the Bondholders as a class but shall not have regard to any interests arising from circumstances particular to individual Bondholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of the exercise of its trusts, powers, authorities or discretions for individual Bondholders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory, and the Trustee shall not be entitled to require, nor shall any Bondholder be entitled to claim from the Issuer or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Bondholders, except to the extent provided for in these Conditions or the Trust Deed.

13.4 Certificates/Reports

Any certificate or report of any expert or other person called for by or provided to the Trustee (whether or not addressed to the Trustee) in accordance with or for the purposes of these Conditions or the Trust Deed may be relied upon by the Trustee as sufficient evidence of the facts notwithstanding that such certificate or report and/or engagement letter or other document entered into by the Trustee and/or the Issuer in connection therewith contains a monetary or other limit on the liability of the relevant expert or person in respect thereof and notwithstanding that the scope and/or basis of such certificate or report may be limited by any engagement or similar letter or by the terms of the certificate or report itself.

14 REPLACEMENT OF CERTIFICATES

If any Certificate is mutilated, defaced, destroyed, stolen or lost, it may be replaced at the specified office of the Registrar or any Agent upon payment by the claimant of such costs as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer and such Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

15 FURTHER ISSUES

The Issuer may from time to time, without the consent of the Bondholders and in accordance with the Trust Deed and to the extent permitted by relevant laws and regulations, create and issue

further bonds having the same terms and conditions as the Bonds in all respects (or in all respects except for the first payment of interest) so as to form a single series with the Bonds. Such further bonds will be constituted by a deed supplemental to the Trust Deed.

16 NOTICES

Notices to Bondholders shall be sent to them by first class mail (or its equivalent) or (if posted to an overseas address) by airmail at their respective addresses on the Register and, if the Bonds are admitted to trading on the SGX-ST and it is a requirement of applicable law or regulations, notices to Bondholders will be published on the date of such mailing on the website of the SGX-ST. Any such notice shall be deemed to have been given on the fourth day after the date of mailing.

So long as the Bonds are represented by the Global Certificate and the Global Certificate is held on behalf of Euroclear or Clearstream or the Alternative Clearing System (as defined in the form of the Global Certificate), notices to Bondholders shall be given by delivery of the relevant notice to Euroclear or Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions, and such notice shall be deemed to be received by the Bondholders on the date of delivery of such notice to Euroclear or Clearstream or the Alternative Clearing System.

17 AGENTS

The initial Agents and the Registrar and their initial specified offices are listed below. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Agent or the Registrar and to appoint additional or other Agents or a replacement Registrar, provided that the Issuer will:

(a) at all times maintain (i) a Principal Paying Agent, (ii) a Registrar, (iii) a Transfer Agent, (iv) a Paying Agent having a specified office in a major financial centre in a jurisdiction other than the jurisdiction in which the Issuer is incorporated; and

(b) if the Bonds are listed on the SGX-ST and for so long as the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Bonds may be presented or surrendered for payment or redemption, in the event that a Global Certificate is exchanged for definitive Certificates. In addition, in the event that a Global Certificate is exchanged for definitive Certificates, an announcement of such exchange will be made by the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive Certificates, including details of the Paying Agent in Singapore.

Notice of any such termination or appointment and of any change in the specified offices of any Agents or the Registrar and of any change in the identity of the Registrar or the Principal Paying Agent will be given to the Bondholders in accordance with Condition 16.

18 INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

18.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer and the Bondholders, including (i) provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or prefunded to its satisfaction, and (ii) provisions limiting or excluding its liability in certain circumstances.

None of the Trustee or any of the Agents shall be responsible for the performance by the Issuer or any other person appointed by the Issuer in relation to the Bonds of the duties and obligations on their part expressed in respect of the same and, unless it has written notice from the Issuer to the contrary, the Trustee and each Agent shall assume that the same are being duly performed. None of the Trustee or any Agent shall be liable to any Bondholder or any other person for any action taken by the Trustee or such Agent in accordance with the instructions of the Bondholders. The Trustee shall be entitled to rely on any direction, request or resolution of Bondholders given by holders of the requisite principal amount of Bonds outstanding or passed at a meeting of Bondholders convened and held in accordance with the Trust Deed. The Trustee may rely without liability to Bondholders, the Issuer or any other person on any report, information, confirmation or certificate from or any opinion or any advice of any accountants, auditors, lawyers, financial advisers, investment bank, an Independent Financial Institution or other expert, whether or not obtained by or addressed to it and whether or not liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. Neither the Trustee nor any of the Agents shall be under any obligation to ascertain whether any Event of Default or Potential Event of Default has occurred or monitor compliance by the Issuer or any other party with the provisions of the Trust Deed, the Agency Agreement or these Conditions and shall not be liable to any person for any loss arising from any breach by that party or any such event.

18.2 Trustee Contracting with the Issuer

The Trustee is entitled, *inter alia*, to make any contracts or entering into any transactions in the ordinary course of business with the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, or from accepting the trusteeship of any other debenture stock, debentures or securities of the Issuer or any Subsidiary or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, and neither the Trustee nor any such director or officer shall be accountable to the Bondholders, the Issuer or any Subsidiary, or any person or body corporate directly or indirectly associated with the Issuer or any Subsidiary, for any profit, fees, commissions, interest, discounts or share of brokerage earned, arising or resulting from any such contracts or transactions and the Trustee and any such director or officer shall also be at liberty to retain the same for its or his own benefit.

19 CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of the Bonds under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

20 GOVERNING LAW AND JURISDICTION

20.1 Governing law

The Bonds and the Trust Deed and any non-contractual obligations arising out of or in connection with the Bonds and the Trust Deed are governed by, and shall be construed in accordance with, English law. The Collateral Documents are governed by Indian law.

20.2 Jurisdiction

The Issuer has in the Trust Deed (i) agreed that the courts of England shall have exclusive jurisdiction to settle any dispute (a "**Dispute**") arising out of or in connection with the Bonds; (ii) agreed that those courts are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary; (iii) designated a person in England to accept service of any process on its behalf; (iv) consented to the enforcement of any judgment; and (v) to the extent that it may in any jurisdiction claim for itself or its assets immunity from suit, execution, attachment (whether in aid of execution, before judgment or otherwise) or other legal process, and to the extent that in any such jurisdiction there may be attributed to itself or its assets or revenues such immunity (whether or not claimed), agreed not to claim and irrevocably waived such

immunity to the full extent permitted by the laws of such jurisdiction. The Trust Deed also states that nothing contained in the Trust Deed prevents the Trustee or any of the Bondholders from taking proceedings relating to a Dispute ("**Proceedings**") in any other courts with jurisdiction and that, to the extent allowed by law, the Trustee or any of the Bondholders may take concurrent Proceedings in any number of jurisdictions.

DESCRIPTION OF THE COLLATERAL

The following provides a general summary of key provisions of the Deed of Hypothecation. Such statements do not purport to be complete and are qualified in their entirety by reference to the Deed of Hypothecation. Defined terms used in this section shall have the meanings given to them in the Deed of Hypothecation.

COLLATERAL

The obligations of the Issuer with respect to the Bonds and the performance of all the obligations of the Issuer under the Bonds and the Trust Deed will be secured by way of first ranking exclusive security interest on the Collateral, and will consist of identified loan assets of the Issuer including all the monies receivables thereunder, as identified and described under the deed of hypothecation.

COLLATERAL DOCUMENTS

For the purpose of creating the Collateral, the following documents are proposed to be executed in favour of the Onshore Security Trustee, acting for the benefit of the Trustee (acting on behalf and for the benefit of the Bondholders), prior to the Closing Date.

DEED OF HYPOTHECATION BY ISSUER

A deed of hypothecation will be executed by the Issuer for the purpose of securing by way of a first ranking exclusive charge over identified loan assets of the Issuer including all the monies receivables thereunder. Further, the Issuer shall execute, simultaneously upon the execution of the deed of hypothecation, a power of attorney in the form provided in the deed of hypothecation to appoint the Onshore Security Trustee, as its attorney-in-fact, to execute all documents and to do all acts, deeds and things on behalf of the Issuer for the purpose of carrying out the provisions of the deed of hypothecation and the Trust Deed.

Under the terms of the deed of hypothecation, the Trustee shall authorise and direct, and the Onshore Security Trustee shall agree, that upon receipt of written instructions from the Trustee, it shall, for the benefit of the Bondholders enforce the Security Interest created under the Collateral Documents in accordance with the provisions of the Collateral Documents and to receive and pay the proceeds as per the terms of the Trust Deed.

Additionally, approval of the designated Authorised Dealer Category-I Bank will be required permitting the creation of the Collateral in accordance with the ECB Master Directions, including any subsequent amendments, additions and clarifications prescribed by the RBI from time to time.

DESCRIPTION OF THE GLOBAL CERTIFICATE

The Global Certificate contains provisions which apply to the Bonds in respect of which the Global Certificate is issued, some of which modify the effect of the Conditions set out in this Offering Circular. Terms defined in the Conditions have the same respective meanings in the paragraphs below. The following is a summary of those provisions:

PROMISE TO PAY

The Issuer, subject to the Condition and the Trust Deed for value received, promises to pay to the registered holder, in respect of each Bond represented by this Global Certificate, the amount payable upon redemption under the Conditions in respect of the Bonds represented by the Global Certificate on the Maturity Date or on such earlier date or dates as the same may become payable in accordance with the Conditions, and to pay interest on each such Bond on the dates and in the manner specified in the Conditions, together with any additional amounts payable in accordance with the Conditions, all subject to and in accordance with the Conditions.

MEETINGS

The registered holder and any proxy or representative appointed by it) of a Global Certificate will be treated as being two persons for the purposes of any quorum requirements of a meeting of Bondholders and, at any such meeting, as having one vote in respect of each U.S.$1,000 in principal amount of Bonds for which such Global Certificate is issued. The Trustee may allow a person with an interest in Bonds in respect of which such Global Certificate has been issued to attend and speak (but not to vote) at a meeting of Bondholders on appropriate proof of identity.

CANCELLATION

Cancellation of any Bonds by the Issuer following its redemption, conversion or purchase by the Issuer will be effected by a reduction in the principal amount of the Bonds in the register of Bondholders.

TRUSTEE'S POWER

In considering the interests of Bondholders while a Global Certificate is registered in the name of a nominee for a clearing system, the Trustee may, to the extent it considers it appropriate to do so in the circumstances, but without being obligated to do so, (a) have regard to any information as may have been made available to it by or on behalf of the relevant clearing system or its operator as to the identity of its accountholders (either individually or by way of category) with entitlements in respect of the Bonds, and (b) consider such interests on the basis that such accountholders were the holders of the Bonds in respect of which such Global Certificate is issued.

CONVERSIONS

Subject to the requirements of Euroclear and Clearstream or any Alternative Clearing System (as defined below), the Conversion Right attaching to any Bonds in respect of which a Global Certificate is issued may be exercised by the presentation to or to the order of the Principal Paying Agent of one or more Conversion Notices duly completed by or on behalf of a holder of a book-entry interest in such Bonds. Deposit of a Global Certificate with the Principal Paying Agent together with the relevant Conversion Notice(s) shall not be required. The exercise of the Conversion Right shall be notified by the Principal Paying Agent to the Registrar and the holder of a Global Certificate.

PAYMENT

Payments of principal in respect of the Bonds represented by each Global Certificate will be made against presentation or if no further payment is to be made in respect of the Bonds, against presentation and surrender of such Global Certificate to or to the order of the Principal Agent or such other Paying Agent as shall have been notified to the Bondholders for such purpose.

NOTICES

So long as the Bonds are represented by a Global Certificate and such Global Certificate is held on behalf of Euroclear, Clearstream or the Alternative Clearing System, notices to Bondholders may be given by delivery of the relevant notice to Euroclear, Clearstream or the Alternative Clearing System, for communication by it to entitled accountholders in substitution for notification as required by the Conditions.

REGISTRATION OF TITLE

Certificates in definitive form for individual holdings of Bonds will not be issued in exchange for interests in the Bonds in respect of which a Global Certificate is issued, except where either Euroclear or Clearstream (or any other clearing system (an "**Alternative Clearing System**") as shall have been designated by the Company and approved by the Trustee on behalf of which the Bonds evidenced by such Global Certificates may be held) is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so.

REPURCHASE OF THE BONDS AT THE OPTION OF BONDHOLDERS

The Bondholders' put options in Conditions 8.4, 8.5, 8.6 and 8.8 may be exercised by the holder of a Global Certificate giving notice to a Principal Paying Agent of the principal amount of Bonds in respect of which the option is exercised and presenting such Global Certificate for endorsement or exercise (if required) within the time limits specified in the Conditions.

REDEMPTION AT THE OPTION OF THE ISSUER

The options of the Issuer provided for in Conditions 8.2 and 8.3 shall be exercised by the Issuer giving notice to the Bondholders within the time limits set out in and containing the information required by such Conditions and Condition 8.12 except that the notice shall not be required to contain the serial numbers of Bonds drawn for redemption in the case of a partial redemption of Bonds and accordingly no drawing of Bonds for redemption shall be required. Partial redemptions will be conducted in accordance with the rules of the relevant clearing system.

BONDHOLDER'S TAX OPTION

The option of Bondholders not to have the Bonds redeemed as provided in Condition 8.3 shall be exercised by the presentation to any Paying Agent, or to the order of such Paying Agent, of a duly completed Tax Redemption Notice within the time limits set out in and containing the information required by Condition 8.3.

TRANSFERS

Transfers of interests in the Bonds will be effected through the records of Euroclear and Clearstream (or any Alternative Clearing System) and their respective participants in accordance with the rules and procedures of Euroclear and Clearstream (or any Alternative Clearing System) and their respective direct and indirect participants.

The Global Certificate shall not be valid for any purpose until authenticated by or on behalf of the Registrar.

The Global Certificate and any non-contractual obligations arising out of or in connection with it are governed by, and shall be construed in accordance with, English law.

FOREIGN INVESTMENT AND EXCHANGE CONTROLS

This offering is being made entirely outside India. This Offering Circular may not be distributed, directly or indirectly, in India or to residents of India and the Bonds are not being offered or sold and may not be offered or sold, directly or indirectly, in India or to, or for the account or benefit of, any resident of India except domestic mutual funds in accordance with the applicable rules, regulations and guidelines issued by the RBI and the SEBI.

GENERAL

Foreign investment in Indian securities is regulated through the Foreign Exchange Management Act, 1999, as amended, and the rules, regulations and directions issued thereunder ("**FEMA**") and the various rules and regulations issued thereunder from time to time, including the precise manner in which such investment may be made. The Government has from time to time made policy pronouncements on foreign direct investment ("**FDI**") through press notes and press releases. The Department for Promotion of Industry and Internal Trade ("**DPIIT**"), issued the Consolidated FDI Policy through a notification dated 28 October 2020 bearing DPIIT File Number 5(2)/2020-FDI ("**FDI Policy**"), which, with effect from 15 October 2020, consolidated and superseded all previous press notes, press releases and clarifications on FDI that were in force and effect as on 14 October 2020. The FDI Policy is amended and updated from time to time and will be valid until the DPIIT issues an updated circular.

The foreign investment in our Company is governed by, *inter alia*, the FEMA, the Foreign Exchange Management (Non-Debt Instruments) Rules, 2019 ("**FEMA Non-Debt Rules**"), the FDI Policy. The FEMA Non-Debt Rules were enacted on 17 October 2019 in supersession of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2017, except as respects things done or omitted to be done before such supersession. Further, the RBI enacted the Foreign Exchange Management (Mode of Payment and Reporting of Non-Debt Instruments) Regulations, 2019 on 17 October 2019, which was amended by the RBI through notification dated 15 June 2020, *inter alia*, regulates the mode of payment and remittance of sale proceeds.

FOREIGN INVESTMENT

Foreign investment refers to any investment made by a person resident outside India on a repatriable basis in equity instruments of an Indian company or to the capital of a limited liability partnership. An Indian company may issue equity instruments to a person resident outside India subject to entry routes, sectoral caps and attendant conditionalities prescribed in the FEMA Non-Debt Rules. FCCBs and depository receipts having underlying of instruments being in the nature of debt shall not be included in the sectoral cap.

However, any equity holding by a person resident outside India resulting from conversion of any debt instrument under any arrangement shall be reckoned under the sectoral cap.

Foreign investment in India can be either through the automatic route where no prior approval of any regulatory authority is required or through the Government approval route. FEMA Non-Debt Rules prescribe sectoral caps for the sectors or activities as a limit indicated against each sector. The total foreign investment shall not exceed the sectoral or statutory cap. In sectors or activities not listed under the FEMA Non-Debt Rules or not prohibited under the Schedule thereto, foreign investment is permitted up to 100 per cent. under automatic route, subject to applicable laws or regulations, security and other conditionalities. These conditions, *inter alia*, include certain minimum pricing requirements, compliance with the SEBI Takeover Regulations and ownership restrictions based on the nature of the non-resident investor.

Under the FEMA Non-Debt Rules, foreign investment up to 100 per cent. is permitted in "Other Financial Services", which refers to financial services activities regulated by financial sector regulators, as notified by the Government of India, subject to conditions including minimum capitalisation norms, specified by the concerned regulator (in our case, the RBI), if any.

The FDI Policy and the FEMA Non-Debt Rules prescribe the method of calculation of total foreign investment (i.e., direct foreign investment and indirect foreign investment) in an Indian company. In relation to indirect foreign investment, FEMA Non-Debt Rules prescribe that indirect foreign investment refers to downstream investment received by an Indian entity from: (A) another Indian entity which has received foreign investment and (i) the Indian entity is not owned and not controlled by resident Indian citizens, or (ii) is owned or controlled by persons resident outside India; or (B) an investment vehicle whose sponsor or manager or investment manager (i) is not owned and not controlled by resident Indian citizens or (ii) is owned or controlled by persons resident outside India.

Equity instruments are required to be issued to the person resident outside India making such investment within 60 days from the date of receipt of the consideration. Where such equity instruments are not issued within 60 days from the date of receipt of the consideration the same shall be refunded to the person concerned by outward remittance through banking channels or by credit to his NRE/FCNR (B) accounts, as the case may be within 15 days from the date of completion of 60 days. An Indian company issuing equity instruments to a person resident outside India and where such issue is reckoned as foreign direct investment, is required to report such issue in Form FC-GPR, not later than 30 days from the date of issue of equity instruments.

The RBI has introduced an online application, Foreign Investment Reporting and Management System ("**FIRMS**") to subsume all the existing reports. FIRMS provides for the Single Master Form ("**SMF**"). With the implementation of SMF, the reporting of FDI, which was a two-step procedure *viz.*, ARF and FC-GPR is merged into a single revised FC-GPR. With effect from 1 September 2018, certain forms including FC-GPR and FC-TRS were being made available for filing in SMF.

Further, through the Press Note 1 of 2018 issued by DPIIT, foreign investment in investing companies registered as non-banking financial companies ("**NBFCs**") with the RBI, being overall regulated, would be under the 100 per cent automatic route. The DPIIT by way of Press Note 3 of 2020 amended the FEMA Rules by restricting foreign direct investments by an entity of any country which shares a border with India or where the beneficial owner of an investment into India is situated in or is a citizen of such country, only through the Government approval route.

INVESTMENT BY FOREIGN PORTFOLIO INVESTORS

In terms of the SEBI FPI Regulations, the issue of equity shares to a single FPI or an investor group (which means the multiple entities having common ownership, directly or indirectly, of more than 50 per cent. or common control) must be below 10 per cent. of our post-issue equity share capital. Further, in terms of the FEMA Non-Debt Rules, the total holding by each FPI, including its investor group, shall be below 10 per cent. of the total paid-up equity share capital of a company and the total holdings of all FPIs put together, including any other direct and shall indirect foreign investments in a company, not exceed 24 per cent. of the paid-up equity share capital of a company on a fully diluted basis. In case the total holding of an FPI, including its investor group, increases (i) beyond 10 per cent. of the total paid-up equity capital of a company, on a fully diluted basis; or (ii) 10 per cent. or more of the paid-up value of any series of debentures or preference shares or share warrants issued that may be issued by the company, the total investment made by the FPI will be re-classified as FDI subject to the conditions as specified by the SEBI and the RBI in this regard and the company and the investor will be required to comply with applicable reporting requirements. The aggregate limit of 24 per cent. may be increased up to the sectoral cap by way of a resolution passed by the board of directors followed by a special resolution passed by the shareholders of the company. In terms of the FEMA Non-Debt Rules, for calculating the aggregate holding of FPIs in a company, holding of all registered FPIs shall be included. The existing individual investment limit for an FPI in our Company is not exceeding 10 per cent. of the total paid-up equity share capital of our Company. Our Company has by way of a special resolution dated 17 January 2013 increased the limits for aggregate investment limits of FPIs to 100 per cent. of the paid-up equity share capital of our Company.

INVESTMENT BY NON-RESIDENT INDIANS

An NRI may purchase or sell equity instruments of a listed Indian company on repatriation basis, on a recognized stock exchange in India. The total holding by any individual NRI or Overseas Citizen of

India is restricted to (i) 5 per cent. of the total paid-up equity capital on a fully diluted basis; or (ii) 5 per cent. of the paid-up value of each series of debentures or preference shares or share warrants issued by an Indian company and the total holdings of all NRIs and Overseas Citizens of India put together is restricted to 10 per cent. of the total paid-up equity capital on a fully diluted basis or 10 per cent. of the paid-up value of each series of debentures or preference shares or share warrants. The aggregate ceiling of 10 per cent. may be raised to 24 per cent. if a special resolution to that effect is passed by the general body of the Indian company. Investments made by NRIs on non-repatriation basis in accordance with the FEMA Non-Debt Rules will be treated as domestic investments at par with the investments made by residents.

TRANSFER OF EQUITY INSTRUMENTS OF AN INDIAN COMPANY BY A PERSON RESIDENT OUTSIDE INDIA

A person resident outside India holding equity instruments of an Indian company or units in accordance with the FEMA Non-Debt Rules may transfer such equity instrument or units in compliance with the applicable conditions prescribed under the FEMA Non-Debt Rules. A person resident outside India (not being a non-resident Indian or an overseas citizen of India or an erstwhile overseas corporate body) may transfer by way of sale or gift the equity instruments of an Indian company or units held by him to any person resident outside India.

The transfer of shares between an Indian resident and a non-resident does not require the prior approval of the RBI, provided that (i) the activities of the investee company are under the automatic route under the FDI policy and transfer is in adherence with pricing guidelines and documentation as specified by RBI, if such transfer attract the provisions of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 2011; (ii) the non-resident shareholding is within the sectoral limits under the FDI policy; and (iii) the pricing is in accordance with the guidelines prescribed by the SEBI/RBI.

Form FCTRS is required to be filed for transfer of equity instruments in accordance with the FEMA Non-Debt Rules, between: (a) a person resident outside India holding equity instruments in an Indian company on a repatriable basis and person resident outside India holding equity instruments on a non-repatriable basis; and (b) a person resident outside India holding equity instruments in an Indian company on a repatriable basis and a person resident in India. The onus of reporting is on the resident transferor/transferee or the person resident outside India holding equity instruments on a non-repatriable basis, as the case may be. Transfer of equity instruments on a recognised stock exchange by a person resident outside India are required to be reported by such person in Form FC-TRS.The form FCTRS is required be filed within 60 days of transfer of equity instruments or receipt/remittance of funds whichever is earlier.

LAWS IN RELATION TO ECB AND ISSUE OF FCCBS

The current laws relating to ECB as applicable to the issuance of the Bonds are embodied in the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019, as amended ("**ECB Master Directions**"). Under the ECB Guidelines, ECBs can be accessed under two routes: (i) the automatic route; and (ii) the approval route. The automatic route does not require a borrower to obtain any RBI approvals, whereas the approval route requires a prior RBI approval. The ECB Guidelines classify ECB under the following categories:

(iii) foreign currency denominated ECB ("**FCY ECB**");

(iv) Indian Rupee denominated ECB ("**INR ECB**").

The ECB Guidelines rationalise the erstwhile external commercial borrowings framework by merging the erstwhile Track I (medium-term foreign currency denominated ECB) and Track II (long-term foreign currency denominated ECB) into one track as 'FCY ECB'.

The Ministry of Finance, Government of India, through the Issue of Foreign Currency Convertible Bonds And Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 and ECB Master Directions, regulate the issuance of FCCBs by Indian companies. The notification relating to FCCBs has been amended from time to time by the Ministry of Finance, and certain relaxations in the guidelines have also been notified by the RBI. An Indian company which is not eligible to raise funds from the Indian capital market including a company which has been restrained from accessing the securities market by the SEBI will not be eligible to issue FCCBs. Further, FCCBs should be without any warrants attached. An eligible Indian company may issue FCCBs to persons resident outside India either, through the automatic route, or with approval of the RBI, in accordance with the ECB Master Directions.

AUTOMATIC ROUTE

For the automatic route, the cases are examined by the Authorised Dealer Category-I banks ("**AD Category I Bank**"). Under the ECB Guidelines, all entities which are eligible to receive foreign direct investment are eligible to raise ECB. The minimum average maturity period for ECBs is at least three years, and longer maturity periods apply in certain cases, depending on the end-use proposed for such ECB.

The ECB Master Directions require that lenders, with respect to ECB, should be residents of FATF or IOSCO compliant countries. Further, the ECB Master Directions (i) considers the multilateral and regional financial institutions where India is a member country as recognised lenders; (ii) permits individuals as ECB lenders, provided they are foreign equity holders or for subscription to bonds/debentures listed abroad, and (iii) permits the foreign branches and subsidiaries of Indian banks as recognised lenders only for FCY ECB.

In relation to the utilisation of the ECB proceeds, the negative list for both FCY ECB and INR ECB includes: (i) real estate activities, (ii) investment in capital market, and (iii) equity investment. Further, proceeds from an ECB cannot be utilized except in certain cases as prescribed under the ECB Master Directions for (i) working capital purposes, (ii) general corporate purposes and (iii) repayment of rupee loans. Additionally, on-lending for any of the aforementioned activities is prohibited under the ECB Master Directions except in case of ECB raised by non-banking finance companies as prescribed therein.

Further, the maximum amount which can be raised every fiscal year by an eligible borrower under the automatic route is U.S.$750 million or its equivalent. The all-in cost (which includes rate of interest, other fees, guarantee fees and expenses in foreign currency or Indian Rupees but does not include commitment fees, payments for withholding tax in Rupees) for FCY ECB is benchmark rate plus 500 basis points spread. As per the ECB Guidelines, various components of all-in-cost have to be paid by the borrower without taking recourse to the drawdown of ECB, *i.e.*, ECB proceeds cannot be used for payment of interest or charges.

Additionally, for FCCBs, the issue related expenses should not exceed 4 per cent. of the issue size and in case of private placement, these expenses should not exceed 2 per cent. of the issue size, etc.

APPROVAL ROUTE

All ECB falling outside the automatic route limits are considered by the RBI under the approval route, wherein prospective borrowers are to send their requests to RBI through the Authorised Dealer banks ("**AD Bank**").

PRICING GUIDELINES FOR FCCBS

The pricing of FCCBs should not be less than the average of the weekly high and low of the closing prices of the related shares quoted on the Indian stock exchanges during the two weeks preceding the relevant date. The "relevant date" is the date of the meeting in which the board of directors of the company or committee of the directors duly authorised by the board decides to open the proposed Issue.

PROCEDURE IN RELATION TO ANY CHANGE TO THE TERMS AND CONDITIONS OF THE ECB

Subject to certain conditions, the AD Category I Bank can approve any requests from the borrowers for changes in respect of ECB, except for FCCBs or foreign currency exchangeable bonds.

Any redemption of the Bonds prior to satisfaction of the minimum average maturity period prescribed under the ECB Guidelines will require the prior approval of the RBI.

REGULATORY REQUIREMENTS IN RELATION TO ISSUANCE OF FOREIGN CURRENCY DENOMINATED ECB

Pursuant to the ECB Guidelines, any entity which can accept foreign direct investment, can issue, among others, FCCBs, foreign currency denominated floating/fixed rate notes/bonds/debentures (other than fully and compulsorily convertible instruments) with a three-year minimum average maturity period ("**MAMP**"). However, for the specific categories, the MAMP shall be as specified below:

Category	**MAMP**
ECB raised for on-lending by NBFCs for working capital purposes or general corporate purposes	10 years
ECB raised for on-lending by NBFCs for repayment of rupee loans availed domestically for capital expenditure	7 years
ECB raised for on-lending by NBFCs for repayment of Rupee loans availed domestically for purposes other than capital expenditure	10 years

The Bonds can be subscribed or purchased by any recognised lender as detailed above. Foreign branches/subsidiaries of Indian banks are permitted as recognised lenders only for FCY ECB (except FCCBs and foreign currency exchangeable bonds). Foreign branches/subsidiaries of Indian banks, subject to applicable prudential norms, can participate as arrangers/underwriters/market-makers/traders for Rupee denominated bonds issued overseas. However, underwriting by foreign branches/subsidiaries of Indian banks for issuances by Indian banks is not allowed.

The entities raising ECB are required to follow the guidelines for hedging issued, if any, by the concerned sectoral or prudential regulator in respect of foreign currency exposure. The ECB borrower will be required to cover principal as well as coupon through financial hedges. The financial hedge for all exposure on account of ECB should start from the time of each such exposure (*i.e.*, the day liability is created in the books of the borrower). A minimum tenor of one year of financial hedge would be required with periodic rollover duly ensuring that the exposure on account of ECB is not unhedged at any point during the currency of ECB. Natural hedge, in lieu of financial hedge, will be considered only to the extent of offsetting projected cash flows/revenues in matching currency, net of all other projected outflows. For this purpose, an ECB may be considered naturally hedged if the offsetting exposure has the maturity/cash flow within the same accounting year. Any other arrangements/structures, where revenues are indexed to foreign currency will not be considered as a natural hedge.

Change of currency of ECB from one freely convertible foreign currency to any other freely convertible foreign currency as well as to INR is freely permitted.

INDIAN GOVERNMENT AND OTHER APPROVALS

The offering is being made entirely outside India. This Offering Circular or any other document or material relating to the Bonds has not been and will not be circulated or distributed in India, directly or indirectly, to the public or members of the public in India. The Bonds have not been, and will not be, offered or sold directly or indirectly in India or to, or for the account or benefit of, any person resident in India. If you purchase any of the Bonds, you will be deemed to have acknowledged, represented and agreed that you are eligible to invest in the Bonds and the Shares to be issued upon conversion of the Bonds under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Bonds and the Shares to be issued upon conversion of the Bonds.

Each purchaser of Bonds will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Bonds will bear a legend to the effect that the securities evidenced thereby may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the Bonds account of, such persons, unless we may determine otherwise in compliance with applicable law.

This Offering Circular has not been and will not be filed, registered, produced, published or made available as an offer document (whether a prospectus in respect of a public offer or information memorandum or private placement offer cum application letter or other offering material in respect of any private placement, under the Indian Companies Act, 2013, as amended or any other applicable Indian laws) with the Registrar of Companies in India, the Securities and Exchange Board of India, the Indian stock exchanges or any other statutory or regulatory body of like nature in India save and except for any information from any part of this Offering Circular which is (i) mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or (ii) pursuant to the sanction of any regulatory and adjudicatory body in India.

This Offering Circular or any material relating to the Bonds has not been and will not be circulated or distributed to any prospective investor who is not a resident of an FATF or IOSCO compliant jurisdiction, and the Bonds will not be offered or sold or transferred and have not been offered or sold or transferred to any person who is not a resident of an FATF or IOSCO compliant jurisdiction.

For the purposes of this section, FATF compliant jurisdiction and IOSCO compliant jurisdiction shall have the following meaning:

"**FATF compliant jurisdiction**" – a country that is a member of Financial Action Task Force ("**FATF**") or a member of a FATF-style regional body; and should not be a country identified in the public statement of the FATF as (a) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

"**IOSCO compliant jurisdiction**" – a country whose securities market regulator is a signatory to the International Organization of Securities Commission's ("**IOSCO's**") Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements.

This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India.

This Offering Circular and the Bonds are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether by way of private placement or to the public in India.

The Shares issued on conversion of the Bonds are to be listed on the Indian stock exchanges on which the Shares are now listed. We have undertaken to apply to have the Shares issuable upon conversion of the Bonds approved for listing and trading on the BSE and NSE.

Under the FDI policy, issued by the Department for Promotion of Industry and Internal Trade (erstwhile Department of Industrial Policy and Promotion), Ministry of Commerce and Industry, Government of India, which is effective from 15 October 2020 foreign investment up to 100 per cent. is permitted in the other financial services sector through the automatic route, subject to satisfaction of certain conditions. The Company is required to make certain post-issue filings with the RBI. However, as stated elsewhere in this Offering Circular, in all cases of early redemption or repayment, under current regulations of the RBI applicable to Foreign Currency Convertible Bonds, prior approval of the RBI for such earlier redemption or repayment will be necessary.

The Companies Act, 2013, as amended and the rules framed thereunder, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, the Master Direction – External Commercial Borrowings, Trade Credits and Structured Obligations dated 26 March 2019, as amended, the Foreign Exchange Management (Borrowing and Lending) Regulations, 2018, as amended and circulars or notifications issued thereunder by the RBI from time to time, allows all entities which are eligible to received foreign direct investment are eligible to raise ECBs (including FCCBs) (i) exceeding U.S. $750 million under the "approval route" (with prior approval of the RBI); and (ii) up to U.S. $750 million under the "automatic route" (without prior approval of the RBI), and subject to compliance with certain conditions specified therein. In accordance with the above rules and regulations, the Company is undertaking the present issue of Bonds.

The following filings are also required to be made by us in connection with issuance of the Bonds and at the time of conversion of Bonds into Shares:

(i) filing with the RBI (through an AD Category I Bank) on Form ECB, before issuance of the Bonds to obtain the loan registration number;

(ii) filing of return of allotment with the Registrar of Companies, NCT of Delhi and Haryana at New Delhi at the time of conversion of Bonds into Shares;

(iii) filing of information on the Foreign Investment Reporting and Management System upon conversion of Bonds into Shares in the prescribed Single Master Form (for Form FC-GPR); and

(iv) monthly filing with the RBI (through an AD Category I Bank) in the prescribed Form ECB 2 Return.

THE SECURITIES MARKET OF INDIA

The information in this section has been extracted from documents available on the website of SEBI and the Stock Exchanges and has not been prepared or independently verified by our Company, the Lead Manager or any of their respective affiliates or advisors.

The Indian Securities Market

India has a long history of organised securities trading. In 1875, the first stock exchange was established in Mumbai. The BSE and the NSE together hold a dominant position among the stock exchanges in terms of the number of listed companies, market capitalisation and trading activity.

Stock Exchanges Regulation

Indian stock exchanges are regulated primarily by SEBI, as well as by the Government acting through the Ministry of Finance, Capital Markets Division, under the SCRA and the SCRR. SEBI, in exercise of its powers under the SCRA and the SEBI Act, notified the Securities Contracts (Regulations) (Stock Exchanges and Clearing Corporations) Regulations, 2018 ("**SECC Regulations**"), which regulate *inter alia* the recognition, ownership and internal governance of stock exchanges and clearing corporations in India together with providing for minimum capitalisation requirements for stock exchanges. The SCRA, the SCRR and the SECC Regulations along with various rules, bye-laws and regulations of the respective stock exchanges, regulate the recognition of stock exchanges, the qualifications for membership thereof and the manner, in which contracts are entered into, settled and enforced between members of the stock exchanges.

The SEBI Act empowers SEBI to regulate the Indian securities markets, including stock exchanges and intermediaries in the capital markets, promote and monitor self-regulatory organisations and prohibit fraudulent and unfair trade practices. Regulations concerning minimum disclosure requirements by public companies, rules and regulations concerning investor protection, insider trading, substantial acquisitions of shares and takeover of companies, buy-backs of securities, employee stock option schemes, stockbrokers, merchant bankers, underwriters, mutual funds, foreign portfolio investors, credit rating agencies and other capital market participants have been notified by the relevant regulatory authority.

Listing and Delisting of Securities

The listing of securities on a recognised Indian stock exchange is regulated by the applicable Indian laws including the Companies Act, the SCRA, the SCRR, the SEBI Act and various guidelines and regulations issued by the SEBI and the stock exchanges including the SEBI ICDR and SEBI Listing Regulations. The SCRA empowers the governing body of each recognised stock exchange to suspend trading of or withdraw admission to dealings in a listed security for breach of or non-compliance with any conditions or breach of company's obligations under the SEBI Listing Regulations or for any reason, subject to the issuer receiving prior written notice of the intent of the exchange and upon granting of a hearing in the matter.

SEBI has notified the Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021, in relation to the voluntary and compulsory delisting of equity shares from the stock exchanges. In addition, certain amendments to the SCRR have also been notified in relation to delisting.

SEBI Listing Regulations

Public listed companies are required under the SEBI Listing Regulations to prepare and circulate to their shareholders audited annual accounts which comply with the disclosure requirements and regulations governing their manner of presentation and which include sections relating to corporate governance, related party transactions and management's discussion and analysis as required under the SEBI Listing Regulations. In addition, a listed company is subject to continuing disclosure requirements pursuant to the terms of the SEBI Listing Regulations.

Minimum Level of Public Shareholding

All listed companies are required to ensure a minimum public shareholding at 25 per cent. In this regard, SEBI has provided several mechanisms to comply with this requirement. Further, where the public shareholding in a listed company falls below 25 per cent. at any time, such company is required to bring the public shareholding to 25 per cent. within a maximum period of 12 months from the date of such fall. Consequently, a listed company may be delisted from the stock exchanges for not complying with the above-mentioned requirement. Our Company is in compliance with this minimum public shareholding requirement.

Index-Based Market-Wide Circuit Breaker System

In order to restrict abnormal price volatility in any particular stock, the SEBI has instructed stock exchanges to apply daily circuit breakers which do not allow transactions beyond a certain level of price volatility. The index-based market-wide circuit breaker system (equity and equity derivatives) applies at three stages of the index movement, at 10 per cent., 15 per cent. and 20 per cent. These circuit breakers, when triggered, bring about a co-ordinated trading halt in all equity and equity derivative markets nationwide. The market-wide circuit breakers are triggered by movement of either the SENSEX of the BSE or the S&P CNX NIFTY of the NSE, whichever is breached earlier.

In addition to the market-wide index-based circuit breakers, there are currently in place individual scrip-wise circuit breakers. However, no price bands are applicable on scrips on which derivative products are available or scrips included in indices on which derivative products are available.

The stock exchanges in India can also exercise the power to suspend trading during periods of market volatility. Margin requirements are imposed by stock exchanges that are required to be paid by the stockbrokers.

BSE

Established in 1875, it is the oldest stock exchange in India. In 1956, it became the first stock exchange in India to obtain permanent recognition from the Government under the SCRA. Pursuant to the BSE (Corporatisation and Demutualisation) Scheme, 2005 of the SEBI, with effect from 19 August 2005, the BSE was incorporated as a company under the Companies Act, 1956. BSE was listed on NSE with effect from 3 February 2017.

NSE

The NSE was established by financial institutions and banks to provide nationwide online, satellite-linked, screen-based trading facilities with market-makers and electronic clearing and settlement for securities including government securities, debentures, public sector bonds and units. Deliveries for trades executed "on-market" are exchanged through the National Securities Clearing Corporation Limited. The NSE was recognised as a stock exchange under the SCRA in April 1993 and commenced operations in the wholesale debt market segment in June 1994. The capital market (equities) segment commenced operations in November 1994 and operations in the derivatives segment commenced operations in June 2000. NSE launched the NSE 50 Index, now known as S&P CNX NIFTY, on 22 April 1996 and the Mid-cap Index on 1 January 1996.

Internet-based Securities Trading and Services

Internet trading takes place through order routing systems, which route client orders to exchange trading systems for execution. Stockbrokers interested in providing this service are required to apply for permission to the relevant stock exchange and also have to comply with certain minimum conditions stipulated by SEBI. The NSE became the first exchange to grant approval to its members for providing internet-based trading services. Internet trading is possible on both the "equities" as well as the "derivatives" segments of the NSE.

Trading Hours

Trading on both the NSE and the BSE occurs from Monday to Friday, between 9:15 a.m. and 3:30 p.m. IST (excluding the 15 minutes pre-open session from 9:00 a.m. to 9:15 a.m.). The BSE and the NSE are closed on public holidays. The recognised stock exchanges have been permitted to set their own trading hours (in the cash and derivatives segments) subject to the condition that (i) the trading hours are between 9.00 a.m. and 5.00 p.m.; and (ii) the stock exchange has in place a risk management system and infrastructure commensurate to the trading hours.

Trading Procedure

In order to facilitate smooth transactions, the BSE replaced its open outcry system with BSE On-line Trading facility in 1995. This totally automated screen based trading in securities was put into practice nation-wide. This has enhanced transparency in dealings and has assisted considerably in smoothening settlement cycles and improving efficiency in back-office work.

NSE has introduced a fully automated trading system called National Exchange for Automated Trading ("**NEAT**"), which operates on strict time/price priority besides enabling efficient trade. NEAT has provided depth in the market by enabling large number of members all over India to trade simultaneously, narrowing the spreads.

SEBI Takeover Regulations

Disclosure and mandatory bid obligations for listed Indian companies are governed by the SEBI Takeover Regulations which provide specific regulations in relation to substantial acquisition of shares and takeover. Once the equity shares of a company are listed on a stock exchange in India, the provisions of the SEBI Takeover Regulations will apply to any acquisition of the company's shares/voting rights/control. The SEBI Takeover Regulations prescribes certain thresholds or trigger points in the shareholding a person or entity has in the listed Indian company, which give rise to certain obligations on part of the acquirer. Acquisitions up to a certain threshold prescribed under the SEBI Takeover Regulations mandate specific disclosure requirements, while acquisitions crossing particular thresholds may result in the acquirer having to make an open offer of the shares of the target company. The SEBI Takeover Regulations also provides for the possibility of indirect acquisitions, imposing specific obligations on the acquirer in case of such indirect acquisition.

SEBI Insider Trading Regulations

The SEBI Insider Trading Regulations were notified on 15 January 2015, and came into effect on 15 May 2015 ("**SEBI Insider Trading Regulations**") which repealed the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992. The SEBI Insider Trading Regulations prohibit and penalise insider trading in India and impose certain restrictions on the communication of information by listed companies. An insider is, *inter alia*, prohibited from dealing in the securities of a listed company when in possession of unpublished price sensitive information ("**UPSI**"), subject to certain limited exceptions.

The SEBI Insider Trading Regulations, *inter alia*, impose certain restrictions on the communication of information by listed companies. Under the SEBI Insider Trading Regulations, (i) no insider shall communicate, provide or allow access to any UPSI relating to such companies and securities to any person including other insiders; and (ii) no person shall procure or cause the communication by any insider of UPSI relating to such companies and securities, except in furtherance of legitimate purposes, performance of duties or discharge of legal obligations. However, UPSI may be communicated, provided or allowed access to or procured, under certain circumstances specified in the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations make it compulsory for listed companies and certain other entities that are required to handle UPSI in the course of business operations to establish an internal code of practices and procedures for fair disclosure of UPSI and to regulate, monitor and report trading by insiders. To this end, the SEBI Insider Trading Regulations provide principles of fair disclosure for purposes of code of practices and procedures for fair disclosure of UPSI and minimum standards for code of conduct to regulate, monitor and report trading by insiders. There are also initial

and continuing shareholding disclosure obligations under the SEBI Insider Trading Regulations. The SEBI Insider Trading Regulations also provides for disclosure obligations for promoters, employees and directors, with respect to their shareholding in the company, and the changes therein.

The SEBI Insider Trading Regulations also provide disclosure obligations for shareholders holding more than a pre-defined percentage, and directors and officers, with respect to their shareholding in the company, and the changes therein. The definition of "insider" includes any person who has received or has had access to unpublished price sensitive information in relation to securities of a company or any person reasonably expected to have access to unpublished price sensitive information in relation to securities of a company and who is or was connected with the company or is deemed to have been connected with the company. On 17 July 2020, SEBI amended the SEBI Insider Trading Regulations to prescribe that the board of directors or head(s) of listed companies shall ensure that a structured digital database containing the nature of unpublished price sensitive information, the names and details of persons who have shared the information and the names and details persons with whom information is shared shall be maintained.

Depositories

The Depositories Act provides a legal framework for the establishment of depositories to record ownership details and effect transfer in book-entry form. Further, SEBI framed regulations in relation to the registration of such depositories, the registration of participants as well as the rights and obligations of the depositories, participants, companies and beneficial owners. The depository system has significantly improved the operation of the Indian securities markets.

Derivatives (Futures and Options)

Trading in derivatives is governed by the SCRA, the SCRR and the SEBI Act. The SCRA was amended in February 2000 and derivatives contracts were included within the term "securities", as defined by the SCRA. Trading in derivatives in India takes place either on separate and independent derivatives exchanges or on a separate segment of an existing stock exchange. The derivatives exchange or derivatives segment of a stock exchange functions as a self-regulatory organisation under the supervision of the SEBI.

TAXATION

INDIAN TAXATION

The following is a summary of the Indian tax consequences of an investment in Bonds and Shares by investors who are not resident in India. This summary is not a complete guide on the tax consequences under Indian law with respect to the acquisition, ownership or sale of Bonds or of other transactions involving Bonds or of the conversion of the Bonds into Shares or redemption of Shares or sale of the Shares by non-resident investors. Prior to making a decision to invest, potential investors should, therefore consult their own tax advisers on the tax consequences of such transactions under Indian law, the law of the jurisdiction of their residence and any tax treaty between India and their country of residence.

The Income-tax Act, 1961 ("**Act**") is the law relating to taxes on income in India. The Act provides for the taxation of persons resident in India on global income and persons not resident in India on income received, accruing or arising in India or deemed to have been received, accrued or arisen in India. Sections 4, 5, 6 and 9 of the Act set forth the circumstances under which persons not resident in India are subject to income tax in India.

Bondholders are advised to consult their own tax consultants with respect to the tax implications of an investment in the same particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

1. Residence for the purpose of the Income-tax Act, 1961

For the purpose of the Act, an individual is said to be resident in India if, in any financial year ending on 31 March, the individual: (i) is in India for 182 days or more; or (ii) having been in India for 365 days or more during the four years preceding the year ended 31 March and is in India for 60 days or more in that year ended 31 March. However, in the case of an Indian citizen or a person of Indian origin who is not resident in India and visits India during the financial year or, an Indian citizen who leaves India as a member of a crew of an Indian ship or for the purpose of employment outside India during the year ending on 31 March, the 60 days period in (ii) above is extended to 182 days.

A company is resident in India in any year ended 31 March, if it is an Indian company or if its place of effective management, in that year, is in India. An Indian company means a company formed and registered under the Companies Act and includes a company formed and registered under any law relating to companies formerly in force in India or, a corporation established by or under a Central, State or Provincial Act of India or, an institution, association or a body declared by the Central Board of Direct Taxes of India to be a company for the purpose of the Act; provided that the registered office or, as the case may be, the principal office of the company, corporation, institution, association or body is in India. Further, place of effective management means a place where the key management and commercial decisions that are necessary for the conduct of business of an entity as a whole are in substance made.

A firm or other association of persons, and every other person is regarded as resident in India except where, during the financial year ending on 31 March, the control and the management of its affairs are situated wholly outside India.

2. Interest Income from Bonds of an Indian Company

Interest on Bonds may not be subject to taxes in India, if proceeds of the issuance of Bonds are used for purposes of business carried on by the Company outside India or for the purposes of making or earning any income from any source outside India. However, should the proceeds be used for the purposes of the business of the Company or for the purposes of making or earning any income from any source in India, non-resident investors would be liable to pay tax on the interest paid on Bonds.

As per provisions of section 115AC of the Act, interest income on Bonds of an Indian Company by a non-resident Bondholder issued in accordance with the scheme notified by the Central Government (*Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt*

Mechanism) Scheme 1993) and purchased in foreign currency shall be chargeable to tax at the rate of 10 per cent. (plus applicable surcharge and cess).

Section 115A read with section 194LC of the Act provides that payment of interest in respect of monies borrowed by an Indian company in foreign currency from a source outside India by way of issue of any long term bonds issued after 1 October 2014 but before 1 July 2020, shall be subject to tax at the rate of 5 per cent. (plus applicable surcharge and cess) subject to the fulfilment of the condition that such borrowing and the rate of interest is approved by the Central Government. The tax withheld under section 194LC on such interest shall be the final tax payable by the non-resident. Accordingly, where borrowing and rate of interest is so approved, section 115A read with section 194LC of the Act being a more beneficial provision may prevail over section 115AC of the Act.

3. Capital Gains on transfer/redemption of Bonds

As per section 47(viia) of the Act, transfer of Bonds made outside India by a non-resident Bondholder to another non-resident shall not give rise to any capital gains tax in India. Section 115AC of the Act also provides that income by way of long-term capital gains arising from the transfer of Bonds (held for more than thirty three months) of an Indian company issued in foreign currency shall be chargeable to tax at a rate of 10 per cent. (plus applicable surcharge and cess).

Short term capital gains on transfer of Bonds (held for not more than thirty three months) shall be chargeable to tax at variable rates (subject to the legal status of the non-resident Bondholder). Applicable tax rates are:

- variable rates up to a maximum rate of 30 per cent. (plus applicable rate of surcharge and cess) in case of individuals, Hindu undivided family, association of persons, body of individuals and artificial juridical person;

- 40 per cent. (plus applicable rate of surcharge and cess) in case of company incorporated outside India except in the case of FPIs in which case the tax rate will be 30 per cent. (plus applicable rate of surcharge and cess).

Accordingly, on redemption of Bonds, the surplus, if any, arising in the hands of non-resident Bondholder may be taxed as long term capital gains at the concessional rate of 10 per cent. (plus applicable rate of surcharge and cess), if the Bonds have been held by the non-resident Bondholder for more than thirty three months and at variable rates (subject to the legal status) as mentioned in above para, up to a maximum rate of 40 per cent. (plus applicable rate of surcharge and cess), if held otherwise.

4. Withholding of tax

Section 196C of the Act provides for withholding of tax on interest on Bonds and taxable long term capital gains on transfer of Bonds (as referred in section 115AC above) to be made at a rate of 10 per cent. (plus applicable rate of surcharge and cess).

Subject to fulfillment of certain conditions, section 194LC of the Act provides for withholding of tax on interest on Bonds payable to a non-resident at the rate of 5 per cent. (plus applicable rate of surcharge and cess).

Further, as regards income in the nature of short term capital gains, the tax is required to be withheld under section 195 of the Act at the rates in force i.e. rate of tax specified under the Act or relevant Double Taxation Avoidance Agreement (whichever is beneficial). Alternatively, to ensure non deduction or lower deduction of tax at source, as the case may be, the Bond Holder may obtain and furnish a certificate under section 195(3) or section 197 of the Act, from the Assessing Officer.

5. Conversion of Bonds into shares

- As per section 47(x) of the Act, conversion of bonds into shares shall not give rise to any capital gains liable to income tax in India.

- As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O (on which DDT is paid by an Indian company) is exempt from tax.

Taxation on sale of Shares

Capital gains arising to the non-resident investor on the transfer of the Shares (whether such transfer occurs in India or outside India to a non-resident investor) will be liable to income tax under the provisions of the Act. If the Shares (including shares issuable on the conversion of the Bonds) are held by the non-resident investor for a period of more than 12 months from the date of advice of their redemption by the depositary, the capital gains arising on the sale thereof, in excess of Rs.100,000 will be taxable under section 112A of the Act at the rate of 10 per cent. (plus applicable surcharge and cess), subject to payment of STT. If Shares are held for a period of not more than 12 months from the date of redemption advice, the capital gains arising on the sale thereof is to be treated as short term capital gains and the same will be taxable under section 111A at the rate of 15 per cent. (plus surcharge and education cess), subject to payment of STT. Any long term capital gains realised on the sale of shares on which no STT has been paid will be subject to capital gains tax at the rate of 10 per cent. (plus applicable surcharge and education cess). Any short term capital gains realised on the sale of shares on which no STT has been paid will be subject to capital gains tax of up to 40 per cent. (plus applicable surcharge and education cess) since the actual rate of tax on short term capital gains depend on a number of factors, including the legal status of the non-resident investor. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold at the rate of 0.025 per cent. to 0.1 per cent., depending upon the nature of the transaction. It may be noted that, capital gain tax, surcharge and education cess accruing to a non-resident would be withheld at source.

However, as per the provisions of section 196D(2) of the Act, no withholding tax is required to be deducted from any income by way of capital gains arising to FPIs as defined in section 115AD of the Act on the transfer of securities defined in section 115AD of the Act.

1. Tax Treaties

The provision of the Agreement for Avoidance of Double Taxation entered by the Government of India with the country of residence of the non-resident Bondholder/shareholder (as the case may be) will be applicable to the extent more beneficial to the non-resident investor.

Accordingly, taxability of interest and capital gains in India in the hands of non-resident Bondholder shall be governed by the provisions of the relevant tax treaty subject to fulfilment of the conditions provided under the Act or the applicable tax treaty. Under the Act, tax treaty benefit is available subject to condition which *inter alia* include furnishing of the Tax Residency Certificate ('TRC') issued by the government of the country of which the non-resident Bondholder may be a resident and a self-declaration in Form 10F, if required to be furnished.

2. GAAR

With regards to GAAR, the provisions have come into effect from 1 April 2017. The GAAR provisions intend to catch arrangements declared as "impermissible avoidance arrangements", which is defined in the Act as any arrangement, the main purpose of which is to obtain a tax benefit and which satisfies at least one of the following tests: (i) creates rights, or obligations, which are not ordinarily created between persons dealing at arm's length; (ii) results, directly or indirectly, in misuse, or abuse, of the provisions of the Act; (iii) lacks commercial substance or is deemed to lack commercial substance, in whole or in part; or (iv) is entered into, or carried out, by means, or in a manner, which are not ordinarily employed for bona fide purposes. The onus to prove that the transaction is not an "impermissible avoidance agreement" is on the taxpayer. If GAAR provisions are invoked, then the Indian tax authorities have wide powers, including the ability to deny a tax benefit or deny a benefit under a tax treaty.

SUBSCRIPTION AND SALE

Under the terms and subject to the conditions contained in a subscription agreement dated 6 December 2024 (the "**Subscription Agreement**") among the Issuer and the Lead Manager, the Lead Manager has agreed to purchase from the Issuer, and the Issuer has agreed to sell to the Lead Manager, the aggregate principal amount of the Bonds at 100% of their principal amount.

The Subscription Agreement provides that the obligations of the Lead Manager to take and pay for the Bonds are subject to the approval of certain legal matters by their counsel and certain other conditions. The Lead Manager has agreed to take and pay for all of the Bonds. The Subscription Agreement provides that upon the occurrence of certain events, the Subscription Agreement may be terminated by the Lead Manager. After the initial offering, the offering price and other selling terms may be varied from time to time by the Lead Manager.

The Issuer has agreed to indemnify the Lead Manager against certain liabilities and to contribute to payments which the Lead Manager may be required to make in respect thereof.

The Bonds are a new issue of securities with no established trading market. The Issuer has been advised that the Lead Manager presently intend to make a market in the Bonds, as permitted by applicable laws and regulations. The Lead Manager are not obligated, however, to make a market in the Bonds, and any such market making may be discontinued at any time without prior notice at the sole discretion of the Lead Manager. Accordingly, no assurance can be given as to the liquidity of, or trading markets for, the Bonds.

In connection with this offering, the Lead Manager and/or any of their affiliates may purchase the Bonds for their own account and enter into transactions, including (i) credit derivatives (including convertible asset swaps, repackaging transactions and credit default swaps) relating to the Bonds and/or the Issuer's securities, and (ii) equity derivatives and stock loan transactions relating to the Shares. Such transactions may occur either at the same time as the offer and sale of the Bonds, or in secondary market transactions. Such transactions would be carried out as bilateral transactions with selected counter-parties and separately from any existing sale or resale of the Bonds to which this Offering Circular relates (notwithstanding that such selected counter-parties may also be purchasers of the Bonds). As a result of such transactions, a Manager or its affiliates may hold long or short positions relating to the Bonds. The Lead Manager or certain of their affiliates may purchase the Bonds and be allocated Bonds or the Shares issuable upon conversion of the Bonds for asset management and/or proprietary purposes but not with a view to distribution.

It is expected that delivery of the Bonds will be made against payment therefor on or about the Issue Date, which will be five business days following the date of pricing of the Bonds.

Neither the Company nor any person acting on its behalf will between the date of the Subscription Agreement and a period of 60 days after the Closing Date (both dates inclusive) (the "**Lock-up Period**"), without the prior written consent of the Lead Manager, (a) issue, offer, sell, pledge, contract to sell or otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in any Shares or securities of the same class as the Bonds or the Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Bonds, the Shares or securities of the same class as the Bonds, the Shares or other instruments representing interests in the Bonds, the Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of the Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Shares or other securities, in cash or otherwise or (d) announce or otherwise make public an intention to do any of the foregoing; except for the issuance of the Bonds and the New Shares on conversion of the Bonds.

Each of the promoters individually and severally has agreed that without the prior written consent of the Lead Manager, the promoters will not between the date of the Subscription Agreement and a period of 90 days after the Closing Date (both dates inclusive) (a) issue, offer, sell, pledge, contract to sell or

otherwise dispose of or grant options, issue warrants or offer rights entitling persons to subscribe or purchase any interest in its shareholding in the Company (the "**Lock-up Shares**") or securities of the same class as the Lock-up Shares or any securities convertible into, exchangeable for or which carry rights to subscribe or purchase the Lock-up Shares or securities of the same class as Lock-up Shares or other instruments representing interests in Lock-up Shares or other securities of the same class as them, (b) enter into any swap or other agreement that transfers, in whole or in part, any of the economic consequences of the ownership of Lock-up Shares, (c) enter into any transaction with the same economic effect as, or which is designed to, or which may reasonably be expected to result in, or agree to do, any of the foregoing, whether any such transaction of the kind described in (a), (b) or (c) is to be settled by delivery of Lock-up Shares or other securities, in cash or otherwise, or (d) announce or otherwise make public an intention to do any of the foregoing; save that the foregoing shall not apply to any intra-group transfers in respect of the Lock-up Shares between the Promoter and the Promoter Group.

The materials relating to this offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that this offering be made by a licensed broker or dealer and the Lead Manager or any affiliate of the Lead Manager is a licensed broker or dealer in that jurisdiction, this offering shall be deemed to be made by the Lead Manager or such affiliate on behalf of the Issuer in such jurisdiction.

SELLING RESTRICTIONS

General

No action has been or will be taken in any jurisdiction by us or the Lead Manager that would permit a public offering of the Bonds or the possession, circulation or distribution of this Offering Circular (in preliminary or final form) or any other material relating to us or the Bonds in any jurisdiction where action for the purpose is required. Accordingly, the Bonds and the Shares issuable upon conversion of the Bonds may not be offered or sold, directly or indirectly, and neither this Offering Circular nor any other offering material or advertisements in connection with the Bonds may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. Persons into whose hands this Offering Circular comes are required by us and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver the Bonds or have in their possession, distribute or publish this Offering Circular (in preliminary or final form) or any other offering material relating to the Bonds, in all cases at their own expense. This Offering Circular does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Offering Circular comes are advised to inform themselves about and to observe any restrictions relating to the offering, the distribution of this Offering Circular and resales of the Bonds and the Shares issuable upon conversion of the Bonds.

United States

The Bonds have not been and the Bonds and the Shares issuable upon conversion of the Bonds will not be registered under the Securities Act, and may not be offered or sold within the United States. The Bonds are being offered and sold outside of the United States in reliance on Regulation S.

European Economic Area

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds which are the subject of the offering contemplated by this Offering Circular to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression "**retail investor**" means a person who is one (or more) of the following:

  (i) a retail client as defined in point (11) of MiFID II; or

(ii) a customer within the meaning of the Insurance Distribution Directive, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II.

Prohibition of Sales to United Kingdom Retail Investors

The Lead Manager has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Bonds to any retail investor in the United Kingdom. For the purposes of this provision, the expression "retail investor" means a person who is one (or more) of the following:

(a) a retail client, as defined in point (8) of Article 2 of Regulation (EU) No 2017/565 as it forms part of domestic law by virtue of the EUWA; or

(b) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of domestic law by virtue of the EUWA.

United Kingdom

The Lead Manager has represented, warranted and agreed that (i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of The Financial Services and Markets Act 2000 ("**FSMA**")) received by it in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (ii) it has complied, and will comply with, all applicable provisions of the FSMA with respect to anything done by it in relation to the Bonds in, from or otherwise involving the United Kingdom.

India

The Lead Manager has represented, warranted and agreed that it has not offered or sold and will not offer or sell any Bonds in the Republic of India and has not made and will not make any invitation in the Republic of India to subscribe for the Bonds. The offering is being made entirely outside India. This Offering Circular or any other document or material relating to the Bonds has not been and will not be circulated or distributed in India, directly or indirectly, to the public or members of the public in India. The Bonds have not been, and will not be, offered or sold directly or indirectly in India or to, or for the account or benefit of, any person resident in India. If you purchase any of the Bonds, you will be deemed to have acknowledged, represented and agreed that you are eligible to invest in the Bonds and the Shares to be issued upon conversion of the Bonds under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Bonds and the Shares to be issued upon conversion of the Bonds.

The Lead Manager represents and agrees that the Offering Circular or any material relating to the Bonds will not be offered and sold to any person who is not eligible under applicable Indian foreign investment regulations (including but not limited to Press Note 3 of 2020 issued by the Department for Promotion of Industry and Internal Trade of the Ministry of Commerce and Industry, Government of India) to undertake foreign direct investments in India without prior approval of the Government of India.

Each purchaser of the Bonds will be deemed to represent that it is neither located in India nor a resident of India and that it is not purchasing for, or for the account or benefit of, any such person, and understands that the Bonds will bear a legend to the effect that the securities evidenced thereby may not be offered, sold, pledged or otherwise transferred to any person located in India, to any resident of India or to, or for the Bonds account of, such persons, unless we may determine otherwise in compliance with applicable law.

Each purchaser of the Bonds will be deemed to have acknowledged, represented and agreed with the Company and the Lead Manager that it is eligible under applicable Indian foreign investment regulations

(including but not limited to Press Note 3 of 2020 issued by the Department for Promotion of Industry and Internal Trade of the Ministry of Commerce and Industry, Government of India) to undertake foreign direct investments in India without prior approval of the Government of India.

This Offering Circular has not been and will not be filed, registered, produced, published or made available as an offer document (whether a prospectus in respect of a public offer or information memorandum or private placement offer cum application letter or other offering material in respect of any private placement, under the Indian Companies Act, 2013, as amended or any other applicable Indian laws) with the Registrar of Companies in India, the Securities and Exchange Board of India, the Indian stock exchanges or any other statutory or regulatory body of like nature in India save and except for any information from any part of this Offering Circular which is (i) mandatorily required to be disclosed or filed in India under any applicable Indian laws, including but not limited to, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations 2015, as amended, and under the listing agreement with any Indian stock exchange pursuant to the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended or (ii) pursuant to the sanction of any regulatory and adjudicatory body in India.

This Offering Circular or any material relating to the Bonds has not been and will not be circulated or distributed to any prospective investor who is not a resident of an FATF or IOSCO compliant jurisdiction, and the Bonds will not be offered or sold or transferred and have not been offered or sold or transferred to any person who is not a resident of an FATF or IOSCO compliant jurisdiction.

For the purposes of this section, FATF compliant jurisdiction and IOSCO compliant jurisdiction shall have the following meaning:

"**FATF compliant jurisdiction**" – a country that is a member of Financial Action Task Force ("**FATF**") or a member of a FATF-style regional body; and should not be a country identified in the public statement of the FATF as (a) a jurisdiction having a strategic anti-money laundering or combating the financing of terrorism deficiencies to which counter measures apply; or (b) a jurisdiction that has not made sufficient progress in addressing the deficiencies or has not committed to an action plan developed with the FATF to address the deficiencies.

"**IOSCO compliant jurisdiction**" – a country whose securities market regulator is a signatory to the International Organization of Securities Commission's ("**IOSCO's**") Multilateral Memorandum of Understanding (Appendix A Signatories) or a signatory to bilateral Memorandum of Understanding with the Securities and Exchange Board of India for information sharing arrangements.

The Bonds will not be offered or sold, and have not been offered or sold, in India by means of any document and this Offering Circular or any other offering document or material relating to the Bonds will not be circulated or distributed and have not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India which would constitute an advertisement, invitation, offer, sale or solicitation of an offer to subscribe for or purchase any securities in violation of any Indian laws.

Singapore

The Lead Manager has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Lead Manager has represented and agreed that it has not offered or sold any Bonds or caused such Bonds to be made the subject of an invitation for subscription or purchase and will not offer or sell such Bonds or the Shares issuable upon conversion of the Bonds or cause such Bonds to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of such Bonds, be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the SFA) pursuant to Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions

specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within three months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:

1. to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

2. where no consideration is or will be given for the transfer;

3. where the transfer is by operation of law;

4. as specified in Section 276(7) of the SFA; or

5. as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Singapore SFA Product Classification*: In connection with Section 309B of the SFA and the CMP Regulations 2018, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Bonds are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).*

Hong Kong

The Lead Manager has represented, warranted and agreed that (i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Bonds other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the "**SFO**") and any rules made thereunder, except for securities which are a "structured product" as defined in the SFO or any rules made thereunder; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance of Hong Kong (Cap. 32) (the "**CO**") or that do not constitute an offer or invitation to the public within the meaning of the CO or the SFO; and (ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Bonds which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Bonds that are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Canada

The Lead Manager has represented, warranted and agreed that (i) the Bonds have not been and the Bonds and the Shares issuable upon conversion of the Bonds will not be registered under the laws of any province or territory of Canada, and (ii) the Bonds and the Shares issuable upon conversion of the Bonds

may not be offered or sold in Canada or to, or for the benefit of, residents of Canada except to purchasers resident in the provinces of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario, Québec, New Brunswick, Nova Scotia, Prince Edward Island and Newfoundland which are both an "accredited investor" as defined in National Instrument 45-106 Prospectus and Registration Exemptions and a "permitted client" as defined in National Instrument 31-103 "Registration Requirements, Exemptions and Ongoing Registrant Obligations". Any resale of the Bonds and the Shares issuable upon conversion of the Bonds must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Offering Circular (including any amendment hereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

Under Canadian securities law, National Instrument 33-105 Underwriting Conflicts (NI 33-105) provides disclosure requirements with respect to potential conflicts of interest between an issuer and underwriters. To the extent any conflict of interest between the Issuer and any of the underwriters (or any other dealer acting in connection with this offering) may exist in respect of this offering, the applicable parties to this offering are relying on the exemption from these disclosure requirements provided to them by section 3A.3 of NI 33-105 (Exemption based on U.S. disclosure).

Upon receipt of this document, each Canadian purchaser hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the Bonds (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. Par la réception de ce document, chaque acheteur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.

Switzerland

The Bonds may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("**SIX**") or on any other stock exchange or regulated trading facility in Switzerland. This Offering Circular does not constitute a prospectus within the meaning of, and has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Bonds or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Offering Circular nor any other offering or marketing material relating to the offering, the Company, the Bonds have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Bonds will not be supervised by, the Swiss Financial Market Supervisory Authority and the offer of Bonds has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("**CISA**"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of Bonds.

People's Republic of China

This Offering Circular does not constitute a public offer of the Bonds, whether by way of sale or subscription, in the People's Republic of China ("**PRC**"). The Bonds are not being offered and may not be offered or sold, directly or indirectly, in the PRC to or for the benefit of, legal or natural persons of the PRC. According to legal and regulatory requirements of the PRC, the Bonds may, subject to the laws and regulations of the relevant jurisdictions, only be offered or sold to non-PRC natural or legal persons in any country other than the PRC.

Other relationships

The Lead Manager and some of their respective affiliates have, from time to time, performed, and may in the future perform certain commercial banking, investment banking and advisory and other banking services for the Issuer and their respective affiliates for which they have received or will receive customary fees and expenses. The Lead Manager and their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. In the ordinary course of their various business activities, the Lead Manager and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities and instruments. Such investments and securities activities may involve the Issuer's securities and other financial instruments, including the Bonds and the Shares issuable upon conversion of the Bonds. The Lead Manager and their affiliates may make investment recommendations and/or publish or express independent research views (positive or negative) in respect of the Bonds or the Issuer's other financial instruments, and may recommend to their clients that they acquire long and/or short positions in the Bonds or other financial instruments.

The Lead Manager and its affiliates may also engage in investment or commercial banking and other dealings in the ordinary course of business with the Issuer or any of their affiliates from time to time and may receive fees and commissions for these transactions. In addition to the transactions noted above, the Lead Manager and its affiliates may, from time to time after completion of the offering of the Bonds, engage in other transactions with, and perform services for, the Issuer or their affiliates in the ordinary course of their business. The Lead Manager or its affiliates may also purchase the Bonds for asset management and/or proprietary purposes but not with a view to distribution or may hold the Bonds on behalf of clients or in the capacity of investment advisors. While the Lead Manager and its affiliates have policies and procedures to deal with conflicts of interests, any such transactions may cause a Lead Manager or its affiliates or its clients or counterparties to have economic interests and incentives which may conflict with those of an investor in the Bonds. The Lead Manager may receive returns on such transactions and has no obligation to take, refrain from taking or cease taking any action with respect to any such transactions based on the potential effect on a prospective investor in the Bonds.

OUR STATUTORY AUDITORS

Our Company's Statutory Auditors, Saket Jain & Co., Chartered Accountants, are independent auditors with respect to our Company in accordance with the guidelines issued by the ICAI. The Audited Consolidated Financial Statements and the Audited Standalone Financial Statements included in this Offering Circular have been audited by Manish Goyal & Co., Chartered Accountants. The Consolidated Unaudited Financial Results and the Standalone Unaudited Financial Results included in this Offering Circular have been subjected to review by Saket Jain & Co., Chartered Accountants.

GENERAL INFORMATION

1. Our Company was incorporated in the name of S.E. Investments Private Limited under the Companies Act, 1956 pursuant to a certificate of incorporation dated 5 March 1992 issued by the Registrar of Companies, Uttar Pradesh at Kanpur ("**RoC, Kanpur**"). The Company was converted into a limited company pursuant to a fresh certificate of incorporation dated 1 March 1995 issued by RoC, Kanpur. The Registered Office of the Company was shifted to the State of Delhi vide order dated 22 May 2003 issued by the Registrar of the Companies, NCT of Delhi and Haryana ("**RoC, Delhi**"). The name of the Company was subsequently changed to Paisalo Digital Limited pursuant to a fresh certificate of incorporation dated 12 January 2018 issued by RoC, Delhi. The Corporate Identity Number of our Company is L65921DL1992PLC120483. Our Company is registered as an NBFC with RBI having registration number B-14.02997.

2. The Registered and Corporate Office of our Company is located at CSC, Pocket 52, CR Park, Near Police Station, New Delhi – 110019, India and the Head Office of our Company is located at Paisalo House, 74, Gandhi Nagar, NH-2, Agra -282003, India. The website of our Company is https://paisalo.in.

3. This Issue has been approved by our Board and our Shareholders pursuant to resolutions dated 25 July 2024 and 30 August 2024, respectively.

4. Our Company has received in-principle approvals from NSE and BSE, dated 27 November 2024 and 25 November 2024, respectively, to list the Shares issuable upon conversion of the Bonds under Regulation 28(1) of the SEBI Listing Regulations. We shall apply to the Stock Exchanges for the final listing and trading approvals on conversion of the Bonds into Shares.

5. Our Company has obtained necessary consents, approvals and authorization required for this Issue.

6. Copies of the Memorandum and Articles of Association will be available for inspection between 10:00 am to 1:00 pm on any weekday (except Saturdays and public holidays) at the Registered and Corporate Office of the Company.

7. Except as disclosed in this Offering Circular, there has been no material change in our Company's financial position since 30 September 2024, the latest unaudited consolidated financial statements, filed with the Stock Exchanges, in accordance with the requirements of the SEBI Listing Regulations.

8. The initial Floor Price for the conversion of the Bonds into the Share, determined in accordance with FCCB guidelines, is INR45.33.

FINANCIAL STATEMENTS

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8	Consolidated Unaudited Financial Results as at 30 September 2024	
9	Review Report on Standalone Unaudited Financial Results	
10	Standalone Unaudited Financial Results as at 30 September 2024	

REGISTERED OFFICE OF THE COMPANY
CSC, Pocket 52 CR Park, Near Police Station New Delhi -110019 India
LEAD MANAGER
Elara Capital PLC 6th Floor, The Grove 248A Marylebone Road London NW1 6JZ, United Kingdom
TRUSTEE AND PRINCIPAL PAYING AND CONVERSION AGENT
GLAS Trust Company LLC 3 Second Street, Suite 206 New Jersey NJ 07311 United States of America
REGISTRAR AND TRANSFER AGENT
GLAS Trust Company LLC 3 Second Street, Suite 206 New Jersey NJ 07311 United States of America
LEGAL ADVISERS

To the Lead Manager as to English Law	*To the Company as to Indian Law*
DLA Piper Middle East LLP PO Box 121662 Level 9, Standard Chartered Tower Downtown Dubai	**Trilegal** One World Centre 10th Floor, Tower 2A and 2B Senapati Bapat Marg Lower Parel (West), Mumbai 400013 India

To the Trustee as to English Law
Hogan Lovells Lee & Lee 50 Collyer Quay #10-01 OUE Bayfront Singapore 049321
AUDITORS
Saket Jain & Co. Chartered Accountants 192, Jaipur House, Agra 282002 India

For PAISALO DIGITAL LIMITED

MANAGING DIRECTOR